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BEFORE THE
ARIZONA CORPORATION COMMISSION
SECURITIES DIVISION

IN THE MATTER OF THE
INVESTIGATION OF:

SMITH AND COX, LLC,

)
)
)
) FILE NO. 8686
)
)
)

EXAMINATION UNDER OATH OF MARK DAVID CORBETT

Phoenix, Arizona

April 26, 2018



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16 NO. DESCRIPTION MARKED IDENTIFIED

17

(None offered.)

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1 EXAMINATION UNDER OATH OF MARK DAVID CORBETT
2 was taken on April 26, 2018, commencing at 10:45 a.m.,
3 at the Arizona Corporation Commission, Securities
4 Division, 1300 West Washington Street, Phoenix, Arizona,
5 before LILIA MONARREZ, Certified Reporter No. 50699 in
6 and for the County of Maricopa, State of Arizona.

7
8 APPEARANCES:

9 For the Securities Division:

10 Mr. James Burgess, Staff Attorney
11 1300 West Washington Street, Third Floor
12 Phoenix, Arizona 85007

13 For the Respondent:

14 Mr. Mark David Corbett
15 In Propria Persona

16 [REDACTED], California [REDACTED]

17 ALSO PRESENT:

18 Ms. Toni Brown, Special Investigator,
19 Securities Division

20 Mr. William C. Woerner, Special Investigator,
21 Securities Division

1 MARK DAVID CORBETT,
2 a witness herein, having been first duly sworn by the
3 Certified Court Reporter to speak the truth and nothing
4 but the truth, was examined and testified as follows:

5

6 EXAMINATION

7 BY MR. BURGESS:

8 Q. Good morning, Mr. Corbett. We met this
9 morning --

10 A. Yes.

11 Q. -- before we went on the record here.

12 This is part of an inquiry by the Securities
13 Division of the Arizona Corporation Commission in the
14 matters of BAIC, Inc., et al. --

15 A. Yes, sir.

16 Q. -- and Performance Arbitrage Company, et al., in
17 order to determine if there's been full compliance with
18 the Securities Act of Arizona and/or the Arizona
19 Investment Management Act. The information obtained
20 today may reveal violations of state and/or federal
21 statutes outside of these two acts.

22 The persons present are myself, James Burgess,
23 senior enforcement counsel for the Securities Division;
24 and Special Investigator Toni Brown.

25 Mr. Corbett, you have the right to refuse to

1 answer any questions if you think the answer may tend to
2 incriminate you. You have the right to refuse to
3 produce any private papers that you feel may tend to
4 incriminate you. You do not have the right, however, to
5 refuse to produce any corporate papers based on any
6 claim of self-incrimination.

7 Do you -- Mr. Corbett, do you understand that
8 you have a right to be represented by an attorney today?

9 A. Yeah. I barely can pay my rent, sir. I can't
10 afford an attorney, but I'm an open book. I will tell
11 you anything you want to know. I have nothing to hide.

12 Q. Okay.

13 A. You can put me on a polygraph, if you'd like.

14 Q. Well, we don't have those.

15 A. Can I use your pen so I can write things down so
16 I don't forget?

17 Q. Sure.

18 A. Thank you. I should have brought a pen. I
19 apologize.

20 Q. Okay. So you do understand that you have a
21 right to be represented by counsel?

22 A. Yes, sir.

23 Q. Would you like to go forward today without any
24 attorney?

25 A. Yes.

1 Q. Okay. Then we will assume that you are waiving
2 your right to counsel for today's examination under
3 oath.

4 If at any time you feel that you need legal
5 counsel, please tell me immediately, and we will stop
6 this proceeding to allow you to obtain counsel.

7 Okay?

8 A. Absolutely, sir. I've got -- I've got nothing
9 to hide.

10 Q. Great.

11 Our court reporter will go off the record at my
12 direction. If you would like to go off the record,
13 please tell me --

14 A. Okay.

15 Q. -- and I will try to do my best to accommodate
16 you.

17 If you need to take a break for any reason, use
18 the restroom, anything like that, just let me know.
19 We'll work it out.

20 A. Of course.

21 Q. And we'll probably -- just so you know, with the
22 schedule today, we'll probably -- we'll definitely be
23 stopping at some point for lunch.

24 A. Okay.

25 Q. And you can let me know if you're getting hungry

1 or something like that, sooner than I am, and we'll
2 figure it out. We'll accommodate you.

3 Okay?

4 A. Thank you.

5 Q. The -- let's see. Since your testimony is being
6 recorded today by our court reporter, please respond
7 verbally, as opposed to nodding or shaking your head.
8 Very important, please let me finish asking a question
9 before you begin to answer so that the two of us are not
10 talking on top of each other.

11 A. And that will be -- you'll have to remind me
12 about that 15 time, I'm sure.

13 MR. BURGESS: Okay. And, then, I will,
14 respectfully, ask that if we are talking too fast, that
15 you will let us know, okay?

16 BY MR. BURGESS:

17 Q. Because, I think -- I've got a sense that you
18 and I may share the same speaking style of speaking too
19 rapidly --

20 A. It could be.

21 Q. -- at times.

22 A. It could be. I mean, I'm going to -- you know,
23 I just want to try to keep my blood pressure down so I
24 don't stroke out on you guys. So I'm just going to be
25 relaxed and mellow because I take this stuff as serious

1 as a heart attack and, you know, like I was telling
2 Toni, this past year and a half has taken five years off
3 my life for no reason.

4 I was a customer of this company. I didn't
5 invent this company. You guys got it right. You have
6 me as a vendor, but the South Carolina thing has me
7 creating this whole -- and now they're taking me out of
8 it, it looks like, but it still took a toll on -- the
9 last year and a half has taken a toll on me.

10 Q. Okay. If you do not hear one my questions or
11 Investigator Brown's questions, would you please let us
12 know?

13 A. Yes.

14 Q. If you don't understand one of our questions,
15 will you say so?

16 A. Absolutely.

17 Q. That way we can explain. We can either reask
18 the question or we can rephrase the question in a way
19 that's, hopefully, more understandable.

20 Okay?

21 A. Yes, sir.

22 Q. You're under oath. So any false statements that
23 you may make may be criminally prosecuted as perjury.

24 A. Of course.

25 Q. Do you understand?

1 A. Of course.

2 Q. You need to be careful about what we just went
3 over about let me finish talking before you start to
4 answer.

5 A. It's going to be almost impossible, Jamie, but
6 I'm going to try my best.

7 Q. Well, it needs to be possible.

8 A. Here's the problem. When you're talking, if
9 something pops into my head, if I don't -- I will forget
10 it if I wait. If your sentence takes two minutes, I
11 will forget what I was going to say. Do you have an
12 extra pen or something?

13 Q. I was just going to offer you. We can get you a
14 pen and a pad of paper.

15 A. That will be helpful. Thank you.

16 MR. BURGESS: Let's go off the record right now
17 for a brief moment while we do that.

18 MS. BROWN: Thank you.

19 (Whereupon, a recess was taken in the
20 proceedings.)

21 MR. BURGESS: We can go back on the record.

22 BY MR. BURGESS:

23 Q. Okay. Mr. Corbett, we've just provided you with
24 a legal notepad and a couple of pens.

25 If I am talking too fast, will you please feel

1 free to slow me down, stop me? If there's something
2 that you want to write down and my talking is going to
3 distract you, will you let me know? And I'll try to
4 gladly stop. You can write down whatever thought it is
5 that you want, and then we can -- we can proceed from
6 there.

7 Does that sound like a good plan?

8 A. Yes, sir.

9 Q. Okay. Do you understand everything that I've
10 explained to you so far?

11 A. Yes, sir.

12 Q. Okay. Are you on any medications today or under
13 any physical disability that might interfere with your
14 ability to answer questions?

15 A. No, sir. I'm on Dramamine because I have to
16 take that when I fly, but it's less drowsy Dramamine. I
17 should be fine.

18 Q. Okay. Will you let us know if you're feeling
19 any side effects that would interfere with your ability
20 to provide testimony today?

21 A. Yes, sir.

22 Q. Okay. All right. Mr. Corbett, please state
23 your full name for the record.

24 A. Mark David Corbett.

25 Q. Have you ever used any other name?

1 A. No, sir.

2 Q. What is your current home address?

3 A. [REDACTED],
4 California [REDACTED].

5 Q. Okay. And what is your -- do you have a home
6 telephone number?

7 A. No, sir.

8 Q. Do you have a cell phone?

9 A. Yes.

10 Q. Please provide that number.

11 A. ([REDACTED]) [REDACTED].

12 Q. Thank you.

13 How long have you resided at the address that
14 you just provided?

15 A. Not long. On March 1st.

16 Q. Okay. Where did you reside prior to March 1st?

17 A. [REDACTED], also [REDACTED]
[REDACTED], California [REDACTED]. We had to -- we had to
19 move just to save some money.

20 Q. Okay. And how long were you residing at that
21 address, your prior address?

22 A. A year and a half. Yes, sir.

23 Q. And prior to a year and a half ago, where did
24 you live?

25 A. We lived in [REDACTED], sir.

1 Q. [REDACTED].

2 At what address? Do you remember?

3 A. [REDACTED] -- I think it was [REDACTED] -- wait a minute. I
4 might have it on one of my identifications. Let me see.
5 No, it's not that one. It was [REDACTED], or something close
6 to that, [REDACTED], [REDACTED], I believe.

7 Q. That's fine.

8 A. Okay.

9 Q. And how long did you live at that [REDACTED]
10 address?

11 A. That would have been three years, sir.

12 Q. Help me with dates. I've lost track already
13 with my --

14 A. We moved to [REDACTED] okay, in 2000 -- 2013, I
15 believe.

16 Q. Okay.

17 A. We moved to [REDACTED] to save money.
18 Orange County is like Manhattan. It's very expensive to
19 live in. We moved to [REDACTED] to save money because the
20 company that I was sending the leads to basically
21 stopped doing business because they didn't have any
22 investors. And so I took a big cut on my income after
23 2012, and so we moved to [REDACTED] to save money. And so
24 that was in -- that was, I believe, right around the end
25 of 2012, the beginning of 2013.

1 Q. Okay.

2 A. And we lived on a street called [REDACTED]
3 [REDACTED] -- [REDACTED] -- in [REDACTED], and then we
4 moved to [REDACTED] right around the corner. When that
5 lease was over -- two years -- we moved to [REDACTED],
6 and we were at that [REDACTED] lease for about three
7 years.

8 Q. Okay.

9 A. So we came back to Orange County in 2017.

10 Q. At the first address in -- what year did you
11 move to the first address in [REDACTED]? Not the
12 [REDACTED], but the other one that you mentioned.

13 A. It would have been 2013.

14 Q. Okay.

15 A. Maybe 2012, right in there.

16 Q. Okay. And, then, when did you move to the
17 [REDACTED] address in [REDACTED]?

18 A. Yeah, the lease -- our lease was up after two
19 years or the -- I think the owners came back from China,
20 or something, to take it. So they wanted their house.
21 So we had to get out of that lease, and that would have
22 been in, probably, 2015 -- 2014, 2015, right in there.

23 Q. Okay.

24 A. At Hourglass, and then we were at [REDACTED]
25 until 2017, until September of 2017.

1 Q. Okay.

2 A. Yes, sir.

3 Q. And before you moved to [REDACTED], you said that
4 you were living at Orange County.

5 Where in Orange County were --

6 A. Yeah, I --

7 (Whereupon, the reporter requests a repetition.)

8 BY MR. BURGESS:

9 Q. Prior to when you moved to your first address in
10 Temecula, you said that you lived in Orange County.

11 Where did you live in Orange County?

12 A. Yes, sir. We lived in -- we lived in [REDACTED]
13 [REDACTED], at [REDACTED], and then we moved to [REDACTED]
14 [REDACTED], in Orange County. We were leasing all the while.
15 I haven't bought a house since -- I mean, my last house
16 I sold was in 2005.

17 Q. Okay.

18 A. So we've been leasing -- we've been renting,
19 basically been renters.

20 Q. Okay. From what year to which year did you live
21 in [REDACTED]?

22 A. I lived in [REDACTED] in -- I want to say I
23 think we moved to [REDACTED] in 2011, and we were there
24 for about a year and a half.

25 Q. Okay. And from there, you moved to [REDACTED]?

1 A. Correct.

2 Q. Okay.

3 A. Yes, sir.

4 Q. Got it.

5 A. Yes, sir.

6 Q. All right. What's your date of the birth?

7 A. ██████████ 65 in May.

8 Q. Okay. So you're going to be 65 in May.

9 So I don't want to ask you everything you've

10 done since you were 18 years old --

11 A. I don't mind. Believe me, as long as you can

12 get me on my plane at 6:50 tonight, you can ask me

13 anything you want. I want to help you guys in any way I

14 possibly can. So, please, consider me a resource. Ask

15 me any questions you want to ask me, please.

16 Q. Okay. Well, we appreciate that, but in the

17 interest of getting you on your plane and getting you to

18 the airport comfortably and -- do you have a rental car?

19 A. No, no. I took a taxi ride.

20 Q. Okay. In the interest of getting you out of

21 here with more than enough time to spare so you can have

22 a relaxing trip back to California, I'm not going to ask

23 you everything you did since you were 18.

24 Okay?

25 A. That's fine.

1 Q. But let's go back about -- why don't you tell me
2 what you've done, kind of, as a --

3 MR. BURGESS: Let the record reflect the lights
4 just went out, and they're back on.

5 BY MR. BURGESS:

6 Q. We've got a motion sensor.

7 A. Right.

8 Q. Apparently, the lighting -- so I was asking,
9 generally, you know, what have you done for a living?

10 A. Of course. I'll be -- I'm very -- I'll be very
11 proud to tell you what I've been doing. For 38 years, I
12 was in the insurance business doing group insurance,
13 employee benefits. I worked for Canada Life. I worked
14 for Phoenix Mutual. I worked for AIG. At Canada Life,
15 I was one of only two -- there's only two sales people,
16 two group sales reps, in the United States in Canada
17 Life's hall of fame, and I'm one of the two. I'm very
18 proud of that. To do that, I had to exceed 150 percent
19 of quota every year for ten years straight, and I had to
20 lead the company for two of those ten years. So I had a
21 very successful insurance career.

22 Okay. And Canada Life went public, got sold.
23 The group division of Canada Life got sold off, and I
24 switched -- I moved over to Sun Life in 2003. And then
25 from Sun Life, I went to AIG in 2005. And AIG was my --

1 I was at AIG until 2008, and then I was with
2 Transwestern Administrators from 2008 to 2011.

3 Q. Okay.

4 A. All the same thing, group insurance.

5 Q. Okay. In 2011, what did you do?

6 A. Right. And, then, by the way, all the prior
7 business was all W-2. It was all -- I worked for
8 insurance companies. I wasn't --

9 Q. You were an employee?

10 A. I was an employee. Correct.

11 Q. Okay.

12 A. And in 2011 -- I was in the insurance business
13 with Transwestern at the beginning of 2011, and I had a
14 pension that started when I turned 55. I had a pension,
15 and I was thinking -- no. Well, actually, this was,
16 like, in 2010, my pension started. And, you know, I was
17 thinking I wonder if I can find an investor. I didn't
18 need the \$1,400 a month, but I can sure use a lump sum
19 of cash to pay bills and what have you.

20 And so I started looking around to see if I can
21 find a private investor to buy a piece of my pension.
22 After looking for about a year and a half, I was calling
23 in to Orange County financial brokers, and someone by --
24 this gentleman by the name of Scott Cohen, whom you may
25 be familiar with -- with structured settlements or

1 whatever they are, he referred me to Drew Gamber. He
2 said, yeah, Mark, I think I know somebody -- sorry.
3 This is where I will get -- I will go fast. So I
4 apologize. He referred me to a guy named Drew Gamber,
5 who -- Scott said, yeah, I believe there's a company
6 that does that; they will give you a lump sum of cash
7 for your pension.

8 It's tough. It's tough for me, okay? And so he
9 referred me to Drew Gamber, and they gave me exactly
10 what I was asking for. They gave me the lump sum. I
11 should have -- I think I should have asked for more.
12 And -- so I sold my pension for the next 13 and a half
13 years because it was guaranteed till age. It's a period
14 certain, 15-year-period certain. So I sold it to age
15 70.

16 I got a lump sum of cash for it, and -- and this
17 is the answer to your question, believe it or not,
18 because after I sold my pension, I told -- I was still
19 working in the insurance business, but I told you, I
20 said, Drew, I bet you there's a lot of guys like me that
21 are, like -- just turned 55 and are still working and
22 are receiving a pension. Can I refer business to you
23 and get a referral fee?

24 And he said sure. He gave me a website. He
25 gave me a sheet, a quote sheet, and -- and when I

1 stopped doing the insurance, I started sending him
2 referrals. I started sending him customers.

3 Q. Okay. I take it you graduated high school --
4 (Whereupon, there was a telephonic interruption
5 in the proceedings.)

6 MR. BURGESS: Sorry about that.

7 THE WITNESS: I graduated high school. I did
8 not graduate college. I did four years of college, but
9 I didn't -- I got a job teaching elementary school at
10 the school that I went to when I was a kid, like a
11 "Welcome Back, Kotter" type of thing, and so I did not
12 complete college. I got a job, and then -- and I went
13 to work for Prudential after that.

14 BY MR. BURGESS:

15 Q. Okay. Where did you graduate high school from?

16 A. Cantwell High School, Montebello, California.

17 Q. And where did you attend college?

18 A. I went to USC my first two years because I had a
19 scholarship, you know, academic scholarship. And then
20 my last two years, I went to Cal State, Los Angeles.

21 Q. Okay. I'm going to ask you your Social Security
22 number; however, under the Federal Right to Privacy Act,
23 you are not obligated to answer. If you answer, the
24 information will only be used for identification
25 purposes.

1 Would you like to provide us with your Social
2 Security number?

3 A. Sure. [REDACTED].

4 Q. What is your current occupation?

5 A. I'm working at a call center. I work for a
6 company called Joe Verde Sales and Management Training.
7 They are the -- they -- I call on auto dealerships all
8 over the country. I'm one of ten -- I'm one of eight
9 salespeople that they have, and we provide training
10 services to sales and management for auto dealerships.
11 They've been doing this for 33 years. I just started
12 with them January 15.

13 Q. Okay. You said Joe Verde?

14 A. Joe Verde.

15 Q. Like, V --

16 A. V-E-R-D-E.

17 Q. Okay.

18 A. This guy.

19 Q. Okay.

20 A. Yeah. I mean, they're a household name in the
21 auto industry.

22 MR. BURGESS: Let the record please reflect that
23 Mr. Corbett just showed us a book written by a Mr. Joe
24 Verde on car sales.

25 THE WITNESS: Right.

1 BY MR. BURGESS:

2 Q. And we understand that's his -- where
3 Mr. Verde's business is is his -- is Mr. Corbett's
4 employer.

5 A. Yeah. I'm a regular W-2 employee now.

6 Q. Okay. Are you a registered broker-dealer?

7 A. No.

8 Q. Have you ever been a registered broker-dealer?

9 A. No, sir.

10 Q. Have you ever been a securities salesman?

11 A. No, sir.

12 Q. You're not now registered as a securities
13 salesman?

14 A. I don't even know what a security is, sir.

15 Q. Are you a registered investment advisor?

16 A. No, sir.

17 Q. Have you ever been a registered investment
18 advisor?

19 A. No, sir.

20 Q. Do you currently hold any state licenses, other
21 than a driver's license?

22 A. I was a -- I was a licensed life insurance -- I
23 had to be -- to do the group health plans, the group
24 health insurance, I had to have a life and health
25 license, and I had that since 1978. I didn't renew it

1 in March because I don't expect I'm going to be doing
2 life insurance going forward for -- you know, for group
3 health plans anymore. So I just got out of the
4 business, so I just let that license expire. It expired
5 March 31st of this year.

6 Q. Got it.

7 A. So from 1978 until March 31st of this year, I
8 was a licensed life -- life and health agent.

9 Q. In the state of California?

10 A. Yes, sir.

11 Q. Anyplace else?

12 A. No, sir. Let me take that back. I had one
13 stint where I was working at a call center, and they
14 were -- we were -- they were selling life insurance all
15 over the country, and they had me licensed in, probably,
16 15 different states, you know, because we were doing
17 online insurance applications, but that was only for a
18 couple of months.

19 Q. Okay.

20 A. Yeah.

21 Q. Have you ever been the subject of any
22 investigation or disciplinary action under your
23 insurance license or licenses?

24 A. No, sir, never.

25 Q. Have you ever filed for bankruptcy?

1 A. No, sir.

2 Q. Have you ever given any prior testimony in
3 connection with the sale or purchase of payments to
4 veterans from the Veterans Affairs Administration or the
5 Defense Department?

6 A. Say that again, sir.

7 Q. Sure.

8 A. Let me just -- let me just answer it. The only
9 testimony I've given is to the Consumer Protection --
10 Consumer Financial Protection Bureau, which is
11 published. They ended up fining me \$1 because they
12 understood. They understood that I wasn't the
13 mastermind or anything. I was a customer, and that's
14 it; just them and you guys, and the South Carolina
15 thing. I just did a -- I just did my first briefing
16 with them. It wasn't -- it wasn't under oath. It
17 wasn't -- they just came out to ask me a few questions
18 in the South Carolina thing, and that's it.

19 Q. Okay. Let's break those down.

20 So you -- with respect to the sale of -- let's
21 just call them, for now, payments to veterans from
22 either the VA or the Department of Defense -- are you
23 with me so far?

24 A. Well, what we did was any recipient of an income
25 stream could sell a future payment from that income

1 stream for a lump sum of cash. We weren't selling to
2 veterans. We weren't selling to police. We were just
3 selling -- anybody that ever had an income stream could
4 apply, okay? So I've been doing that just -- what was
5 your question?

6 Q. Yeah, I forgot. It's really important to listen
7 to the question.

8 A. Right.

9 Q. And answer the question.

10 A. Right.

11 MR. BURGESS: Can you please read back my
12 question?

13 (The record was read by the court reporter
14 as follows:

15 QUESTION: With respect to the sale of --
16 let's just call them, for now, payments to
17 veterans from either the VA or the Department
18 of Defense -- are you with me so far?)

19 THE WITNESS: Right. It was phrased wrong.
20 "Payments to veterans," okay, was just -- I had a
21 problem with that phrase: "payments to veterans."
22 That's why I was clarifying it for you.

23 BY MR. BURGESS:

24 Q. Okay. What I was attempting to refer to was the
25 fact that the veterans were receiving payments from the

1 VA or the Defense Department.

2 A. Right.

3 Q. All right. So when I said payments to veterans,
4 I was referencing from --

5 A. From them. I got you.

6 Q. -- the federal government, okay?

7 A. I got you. Yes, sir. Okay.

8 Q. So, with respect to the sale of payments that
9 veterans were receiving --

10 A. Yes, sir.

11 Q. -- from the federal government, you mentioned
12 that you've given testimony to the -- excuse me -- the
13 Consumer Financial Protection Bureau.

14 Correct?

15 A. Yes, Ben Knopp.

16 Q. And Mr. Knopp is an attorney with the Consumer
17 Financial Protection Bureau?

18 A. Yes. That's my understanding.

19 Q. Okay. And you said that you have spoken with
20 someone in connection with the South Carolina
21 lawsuits -- and we'll get into a little bit more detail
22 in that -- recently.

23 Can you explain a little bit more about that?

24 A. Sure.

25 Q. Okay. What are the South Carolina lawsuits

1 you're referring to?

2 A. Okay. South Carolina has -- came -- had a
3 complaint that Drew Gamber, BAIC, VFG, SBC, PAC and LFO
4 what they were doing was an assignment, I believe. I
5 think that's how -- I think that's the charge, that it
6 was an assignment. It wasn't -- it wasn't factoring,
7 which is how it's always been explained to me, but
8 rather, it was an assignment. And military people
9 cannot assign their pensions. So that they brought a
10 lawsuit that effectively closed LFO down, which is the
11 current incarnation of the company.

12 Q. Who brought a lawsuit? Was it --

13 A. Some defendants, you know. I don't know. You'd
14 have to look it up, sir.

15 Q. Well, are you talking about veterans brought the
16 lawsuits or somebody else brought the lawsuits?

17 A. The honest answer to that, sir, is that people
18 sold a piece of their pension, got a huge lump sum of
19 cash --

20 Q. No, no, no. We're having a problem again.
21 You're not answering the question.

22 A. What was the question?

23 MR. BURGESS: Please repeat my question. Please
24 read back the question.

25 ///

1 (Whereupon, the record was read by the court
2 reporter as follows:

3 QUESTION: Well, are you talking about
4 veterans brought the lawsuits or somebody else
5 brought the lawsuits?)

6 THE WITNESS: I have no idea. I'd have to look
7 at this. Let's see. I think I brought some paperwork
8 on that.

9 Okay. Okay. Here it is. This is -- this is --
10 there's, like, two complaints. These were brought by
11 people that sold their pension. I don't know if they're
12 veterans or not.

13 BY MR. BURGESS:

14 Q. All right. What are you looking at?

15 A. You can identify this better than me, sir.

16 MR. BURGESS: Okay. For the record, I've just
17 been handed a document by Mr. Corbett that states that
18 it's a report of a magistrate judge in a case captioned
19 Charlotte McFerren, and other plaintiffs, versus BAIC,
20 Inc., and other defendants, in a civil action in the
21 United States District Court for the District of South
22 Carolina, in Civil Action Number 6:18-128-DCC-KFM.

23 BY MR. BURGESS:

24 Q. So, Mr. Corbett, this appears to be a document
25 from a lawsuit brought by private plaintiff --

1 A. Right.

2 Q. Brought by private parties.

3 Correct?

4 A. Correct. I believe that -- I believe that's
5 correct. I don't know. Here is the original lawsuit,
6 okay? This was the first one.

7 Q. Okay.

8 A. This was the first one. Yes, sir.

9 MR. BURGESS: Let's identify this. I've just
10 been handed another document by Mr. Corbett in a case
11 captioned Jason Lyons and three other -- and two other
12 plaintiffs versus BAIC, Inc., and several other
13 defendants, in a case in the United States District
14 Court of South Carolina, in the Case Number
15 6:17-CV-02362-MGL. And this document is titled
16 "Confidentiality Order."

17 BY MR. BURGESS:

18 Q. Okay. So, Mr. Corbett, you said this was the
19 original lawsuit?

20 A. Yes, sir. That's my understanding. That was
21 the first one that came out, yes.

22 Q. Okay. So when you were referring to the South
23 Carolina lawsuit, you were referring to the action by
24 Jason Lyons and the --

25 A. Yes, sir. They put them together.

1 Q. -- other action -- let me finish my question.
2 Mr. Lyons and then the first document that we
3 read.

4 Right?

5 A. Right.

6 Q. So who asked you these questions? Lawyers?
7 Were they lawyers?

8 A. Yes. There was an attorney that came to -- that
9 came from Los Angeles and met me in Santa Ana at the
10 public -- at some public law firm. I mean, at some
11 public free service, or something, for people that can't
12 afford an attorney or whatever, but she just met me for
13 an informal question and answer. It wasn't -- I wasn't
14 under oath. So they just wanted to some clarification
15 on all the communications that I had already sent them.

16 Q. Okay.

17 A. That was my first time meeting with another
18 attorney about this.

19 Q. Okay. When did that take place?

20 A. Last -- on the 18th.

21 Q. Of April?

22 A. 18th of April. Yes, sir.

23 Q. Okay. So that's just, like, a week ago.
24 Right?

25 A. Right.

1 Q. And then you mentioned the -- I believe you
2 mentioned earlier in your testimony that you had
3 given -- or maybe it was when we were off the record.

4 I don't remember, but you mentioned that you had
5 given testimony to the Consumer Financial Protection
6 Affairs Bureau?

7 A. Correct. Ben Knopp.

8 Q. And you said that that was, like, 5-, 600 pages
9 long?

10 A. Yes. They -- I was under oath. They flew here
11 from Washington. We met in San Diego, and there was a
12 court reporter. And I believe, throughout the course of
13 the day, he happened to mentioned that it was 4- or 500
14 pages long.

15 Q. Okay.

16 A. Yes, sir. I do not have a copy of that or
17 anything like that, unfortunately.

18 Q. And you said that the Consumer Financial
19 Protection Affairs Bureau -- for shorthand, I'm going to
20 use CFPB.

21 A. Right.

22 Q. That the CFPB, you said, fined you a dollar?

23 A. Yeah. I mean, after everything, they understood
24 what my -- that I was a customer and that I was just
25 under the guidance of these companies that had legal

1 counsel. I mean, the actual escrow was handled by a law
2 firm. So how could it possibly be illegal? There was a
3 law firm that was handling the escrow for these sales.
4 So I was just under the guidance of Andrew Gamber and
5 his lead attorney, John Sheets. And then -- and then --
6 that it was completely allowable and legal, this
7 factoring.

8 And then when Drew Gamber went out of business
9 and PAC started up, Brad Chrustawka, again, it's
10 factoring; it's totally allowable. Everything we do is
11 correct. They meet with the SCC on a regular basis, he
12 told me. And, again, Upstate Law Group was handling the
13 escrow. So how could this possibly not be legal? It's
14 a law firm that's handling -- that's running the
15 business. So that was my guidance throughout the time
16 that I was doing this.

17 Q. Okay. So why did the CFPB only fine you a
18 dollar?

19 A. Well, because they understood that I --

20 Q. They understood what you did?

21 A. Yeah. They understood that I was a customer it.
22 I was a customer, and I was a lead-generation website.

23 Q. Did they find that you did anything wrong?

24 A. Well, they -- they said -- Number 1, their
25 findings -- I didn't agree with their findings, okay?

1 They said that I did not disclose interest rates, or
2 something, properly. I mean -- but it was not an
3 admission of guilt. He said, Mark, you don't have to
4 agree with our findings. It was an administrative
5 finding. I wasn't in a court. And it was an
6 administrative finding, and they said that what I was
7 referring customers into was something -- was
8 assignment.

9 And so they said that I was referring people in
10 for an assignment, or whatever, but they fined me a
11 dollar because they understood I was under the guidance
12 of the companies that said this was totally legal; that
13 I was following the guidance of Upstate Law Group, who
14 was handling the escrow, and that I was a customer. I
15 didn't invent this. I was a customer, and so they fined
16 me.

17 And, of course, I don't have any -- I mean, I
18 have -- you know, I don't own anything. I don't have
19 any -- you know, I don't own any property or anything
20 like that. So I did a financial statement. Why did
21 they fine me a dollar? Was it because of my financial
22 statement or was it because of my involvement? I
23 honestly don't know the answer to that, but they just
24 said -- Ben said, Mark, we're fining you a dollar. And
25 if -- and I offered to help them. I mean, just like I

1 offered you guys. Just like I offered Bill over the
2 phone or the gentleman I spoke to over the phone, I'll
3 be happy to help you guys in any way -- in any way I
4 possibly can. If what they were doing was illegal, I
5 was an injured party, as well.

6 Q. You're a victim?

7 A. I was an injured party, as well, because they
8 misguided me. They told me it wasn't illegal. They
9 told me it was perfectly legal. It was factoring.
10 We're not -- it's not a loan. It's -- you're selling a
11 future payment for a lump sum of cash, and so that was
12 their guidance. And, again, there was a law firm
13 running the business. How in the world could it be
14 illegal?

15 And so my honest feeling now in hindsight is
16 that they probably were operating on a loophole, I
17 guess, or something, that allowed them to do what they
18 did. That's just my -- in retrospect, that's what I
19 ascertain. To this day, I don't think they've had a
20 finding that what they did was illegal. I don't think
21 there's been a court finding that what they did was
22 illegal. I don't think, but again, I'm not -- I'm not
23 involved in it. You know what I'm saying? I'm removed
24 from it. So I honestly don't know.

25 Q. Okay. So I want to break down some of what you

1 just said.

2 A. Sure.

3 Q. You said that the -- the CFPB fined you only a
4 dollar, and it's your understanding that they fined you
5 only a dollar either -- well, you gave two different
6 reasons. So let's -- let me try to break those down.

7 The first reason was that they understood that
8 you were a customer; that you were working under the
9 guidance of Drew Gamber and others, including a law
10 firm.

11 Correct?

12 A. Correct.

13 Q. And, then -- and so you don't know exactly why
14 the CFPB only fined you a dollar, but that's one of the
15 two reasons that you can think of.

16 Right?

17 A. I don't know if it was because of that or
18 because of my limited financial capacity.

19 Q. And that's the second reason.

20 A. Correct.

21 Q. The second reason that you think that the CFPB
22 may have only fined you or that -- the reason that they
23 only fined you a dollar may have been because of your
24 financial situation.

25 Right?

1 A. Correct. I made very little income -- after
2 2012, 2013 on, my income was very -- was quite small. I
3 mean, I was not getting rich on this, by any means.

4 Q. Okay. So the CFPB -- your understanding is that
5 the CFPB fined you only a dollar, either because --
6 because of your role in whatever the activity was or
7 because of your financial situation, but you don't know
8 which reason why.

9 Right?

10 A. Correct. That would be a question for
11 Ben Knopp.

12 Q. Okay. And you don't know?

13 A. I honestly don't know the answer to that.

14 Q. Okay.

15 A. Was there an order, or something, from the CFPB?
16 Yes. It was an administrative decision.

17 Q. Okay.

18 A. I have -- I have that available for you.

19 Q. Well, I appreciate that.

20 Did you -- you're pointing to your computer?

21 A. It's all -- yeah. Everything I have is here.

22 Q. Okay.

23 A. I will share with you guys anything -- anything
24 you'd like, sir. I have nothing to hide. You can put
25 me on a polygraph.

1 MS. BROWN: Jamie, while you're thinking, can I
2 clarify one thing?

3 MR. BURGESS: Sure.

4 MS. BROWN: Mr. Corbett, earlier when you were
5 discussing the South Carolina interview just briefly,
6 Mr. Burgess asked you who you spoke with from South
7 Carolina, and you said "she." You never gave a name.

8 THE WITNESS: Yeah. Yeah. I can tell you her
9 name. Let me just look it up here. Let me get
10 reconnected here. Bear with me for a second.

11 Okay. Let's see. Okay. Here we go. Let's
12 see. Okay. Nisha Kashyap, K-A-S-H-Y-A-P.

13 MS. BROWN: Thank you.

14 THE WITNESS: And let me see if I can tell you
15 who she's with. Staff attorney, Consumer Law Project,
16 public counsel. Would you like her phone number?

17 BY MR. BURGESS:

18 Q. Yes, please.

19 A. (213) 385-2977, extension 245.

20 Q. Now, how long did you meet with this attorney?

21 A. Two hours.

22 Q. Okay. I thought you said she just asked you a
23 few questions.

24 A. Yeah.

25 Q. How did it take two hours?

1 A. Well, you know what I mean. It was two hours, a
2 few questions. I mean, compared to the day that I spent
3 in San Diego and compared to the day that I'm pending
4 with you guys today, it was just a few questions.

5 Q. Okay. You said that -- did you ever read the
6 consent order?

7 A. From the CFPB?

8 Q. Yeah.

9 A. Yes. I have it.

10 Q. Okay. So you did read that. Okay.

11 A. Yes, sir. And I told Ben that I did not agree
12 with it. And he said, no, it says so right there. It
13 says this is not an admission of guilt, okay? These are
14 our findings. So it's not an admission of guilt, but
15 we're going to fine you a dollar. We're going to remove
16 you from any future prosecution, or whatever, and so I
17 said fine. And I'll be happy to share that with you,
18 although you can probably get it on your computer faster
19 than I can call it up.

20 Q. Okay. Well, we're going to take our little
21 lunch break. We can do it over the lunch break or
22 something like that.

23 A. Sure.

24 Q. You said that no court has ever found that these
25 sales of payments by veterans -- or let me start that

1 over.

2 You said that no court has ever found that
3 the -- to your knowledge, that the -- that these
4 transactions -- do you understand what I'm talking about
5 when I say "these transactions"?

6 A. Yeah. I will answer as soon as you're ready for
7 me to.

8 Q. I'm just trying to get our vocabular straight.

9 A. Yeah. Yes, sir.

10 Q. Get some shorter verbiage that we can both agree
11 upon.

12 So you said no court has ever found these
13 transactions were illegal.

14 Right?

15 A. To my knowledge. I haven't heard of any
16 findings to this day. I have not been in communication
17 with any of the defendants, but I have yet to hear where
18 there was a court finding that this was assignment
19 rather than factoring. That's just to my knowledge. I
20 don't know if there's been any court findings to that
21 effect, okay? I'm just telling you what -- I'm just
22 sharing with you what I know.

23 Q. Okay. What about findings by, say, an
24 administrative agency?

25 A. No idea, sir. No idea, because they're all

1 against Drew Gamber. I mean, Drew got -- I know
2 Arkansas had some finding against Drew. Another state
3 or two, I think, had some findings against Drew Gamber,
4 but I don't know anything about that, sir.

5 Q. How do you know that Arkansas or some other
6 states had --

7 A. Because I've been told.

8 Q. By whom?

9 A. By the attorneys that I've been talking to on
10 this other -- on the South Carolina thing. I've been
11 talking directly to the plaintiffs' attorneys, and they
12 told me that -- this and that. And they -- the lady
13 asked me. Nisha asked me, were you aware that Arkansas
14 had done -- had this with Drew and other states had this
15 or that with Drew? And I -- that's the only -- that's
16 the only way I know. That was news to me.

17 Q. That was the only source of your information?

18 A. Correct.

19 Q. Okay.

20 A. Because Drew never shared that information with
21 me. Drew was very much need-to-know. All I did was
22 send in the applicants. He never shared with me
23 anything else about the business. He never shared with
24 me anything about the investors or who brought the
25 investors in or how any of that worked. He didn't want

1 me to know what the other side was doing because he said
2 that would not be good business. In other words, he
3 didn't want me to refer the best applicants to an
4 investor or something.

5 So that was his rationale for never sharing with
6 me what the other side of the business did. All I did
7 was send in the applicants and then I was done. I was a
8 lead-generation website.

9 Q. Okay. We're going to get into --

10 A. Okay.

11 Q. We're going to get into the details of --

12 A. Right.

13 Q. -- what transpired here.

14 A. Okay.

15 Q. So coming back to my question, you've never
16 heard that a court ever found these transactions were
17 illegal.

18 Correct?

19 A. That's my understanding. I've never heard
20 definitively that there was any legal finding that what
21 Upstate Law Group, LFO, PAC, SBC, BAIC and Voyager --
22 VESW -- I've never -- I've never heard that any -- that
23 there was anything that said, to the contrary, that it
24 wasn't factoring, but I have not been -- I have not had
25 my finger on the pulse of everything, but that's --

1 that's what I know.

2 Q. You said -- in your answer, you used the word
3 "definitively." You've never heard anything
4 definitively that any of those companies did anything
5 wrong, essentially.

6 Right?

7 A. What companies, sir?

8 Q. All right. Mr. Corbett, we're going to be here
9 for a very long time today if you don't answer --

10 A. I'm trying.

11 Q. Let me finish.

12 A. Go ahead.

13 Q. -- if you don't start answering questions. If
14 you want to answer -- if you don't like my questions,
15 you don't get to give an answer to a different question
16 that you want to answer. You're going to answer the
17 questions that I'm asking you.

18 A. Of course.

19 Q. Do you understand?

20 A. Of course. I'm trying to be as helpful as I
21 can.

22 Q. I don't think you are.

23 A. You're taking a tone we me now, and I don't
24 think it's called for. I've been trying to be as
25 helpful as I can, sir, from the start. I don't

1 appreciate your tone.

2 Q. I think you're lying to me.

3 A. Well, that's your prerogative, sir. I'm not
4 lying to you. Like I said, put me on a polygraph
5 anytime you want.

6 Q. So I'm going to ask you again.

7 You said that you've never heard definitively
8 that any of the companies that you referred veterans to
9 did anything unlawful, if I can paraphrase what you
10 said.

11 Is that accurate?

12 A. Here's what I've heard --

13 Q. Is that accurate? If it's not accurate, say
14 it's not accurate.

15 A. I want to be -- I want to be precise here.

16 Q. I understand.

17 A. Okay.

18 Q. But answer the question that's being asked.

19 Do you understand?

20 A. All I -- all I know about are the complaints.

21 All I know about is there are complaints, okay?

22 Something about Upstate Law Group doing something with
23 an IOLTA, which I don't know what that is, but that they
24 did -- Upstate Law Group did something incorrectly with
25 the IOLTA. All I know about are the complaints. I

1 don't know about any decisions.

2 Q. Okay. What about the decisions by the
3 authorities in, say, Arkansas, concerning Mr. Gamber?

4 A. Yes, I have no idea what that was about. All I
5 know was that Arkansas had a problem with something that
6 Andrew Gamber was doing. I don't know with any of the
7 details.

8 Q. Okay. Did you ever talk to Mr. Gamber about,
9 say, the order from Arkansas?

10 A. No, sir.

11 Q. Did you ever talk to Mr. Gamber about any orders
12 issued against him by any other states?

13 A. No, sir.

14 Q. Did you ever talk to Mr. Gamber about any orders
15 issued against his prior business, Voyager Financial
16 Group?

17 A. No, sir.

18 Q. You never spoke to him about any of those
19 things?

20 A. No, sir.

21 Q. You're positive?

22 A. Absolutely positive. Absolutely positive.

23 Q. Thank you.

24 A. Okay.

25 Q. So I was asking you about your use of the term

1 "definitive" in one of your prior answers, and the
2 question was to the effect -- my question, if I can
3 recall it, was to the -- was to the general effect
4 that -- my question was whether you had ever heard that
5 a court had found any -- that any of these companies did
6 anything illegal, and then you asked me which companies.
7 And I was trying to refer to the companies that you had
8 just listed in your prior answer.

9 A. Okay.

10 Q. So BAIC, SoBell, Upstate Law Group, Performance
11 Arbitrage. If I left any out, I apologize.

12 Okay?

13 A. Yes, sir.

14 Q. Are we on the same page?

15 A. Same page.

16 Q. Okay. You said that you had never heard
17 definitively that any court had found that they had done
18 anything wrong.

19 A. I've heard of the actions against Drew Gamber,
20 in hindsight.

21 Q. By states other than Arizona?

22 A. Correct.

23 Q. Okay.

24 A. I didn't even know Arizona had one until this
25 one.

1 Q. Got it.

2 A. I've heard of the actions. I did not hear of
3 their resolution. I did not hear of any decisions that
4 what they were doing was illegal because they stayed in
5 business. Drew had an action from -- and I know this
6 now in hindsight. Drew had an action from Arkansas, and
7 he did whatever he had to do and he stayed in business.
8 He had an action someplace else, and he stayed in
9 business. Moreover, not only did he stay in business
10 and insist that what they were doing was factoring, he
11 had a law firm handling the escrow, basically handling
12 the mechanics of the process.

13 So how in the world was I to think that there
14 was anything that was illegal going on, okay? And the
15 way it's been explained to me, up until today -- my last
16 conversation with LFO was probably in January, and they
17 insist that what they do is factoring. They are selling
18 a future payment for a lump sum of cash after the
19 pension -- after the seller has received their money.
20 So the seller receives his money, be it a veteran or a
21 policeman or a fireman or a state retiree, and after
22 that money has been received, they're making payments to
23 the investor for that lump sum of cash they received,
24 and they call that factoring.

25 That's how it's always been explained to me, and

1 what I'm telling you is I haven't seen any legal
2 decision to the contrary; but again, I haven't been
3 looking for any legal decisions.

4 Q. So you haven't looked for any legal decisions?

5 A. No, sir, because I'm out of the business.

6 Q. When did you first learn of any cease and desist
7 order against Mr. Gamber or any of his companies?

8 A. Okay. Well, when he went out of business.

9 Q. When was that?

10 A. End of 2015. He went out of business the end of
11 2015.

12 Q. That was the first time you heard of any orders
13 by any states against Mr. Gamber or any of his
14 businesses?

15 A. Correct.

16 Q. Okay.

17 A. And let me -- let me just continue that. I
18 forgot what I was going to say now. Bear with me one
19 second. I just had another point I wanted to add. Oh,
20 yes. When the Consumer Protection -- the CPFB [sic], if
21 that's the way -- told me that they didn't want me
22 sending in veteran applicants anymore, I immediately
23 stopped, immediately, even before they sent me the
24 formal decision. I immediately stopped. And we were
25 just sending in other -- you know, other types of

1 applicants for a short period of time, and then LFO went
2 out of business.

3 LFO stopped operating, but when Uncle Sam says
4 jump, you know, I say how high. I mean, when they said,
5 Mark, we're looking into this and we don't like this; it
6 looks too much like an assignment; we'd like you to stop
7 sending applicants in, I immediately, that day -- I
8 mean, that day I stopped sending in applicants. That's
9 what I wanted to add.

10 Q. Okay. When did you first learn of any order by
11 any state against Mr. Gamber or any of his companies?

12 A. I honestly don't remember the exact time.

13 Q. But you think it was about the time that he went
14 out of business in -- sometime in 2015?

15 A. Yes, because up until he went out of business, I
16 understood that everything he was doing was correct, or
17 I would not have remained in business with him.

18 Q. Okay. Did you -- did it concern you, at all,
19 that -- when you learned in 2015 that what Mr. Gamber
20 was doing was the subject of cease and desist orders by
21 Arkansas and other states?

22 A. Did that concern me?

23 Q. Yes.

24 A. Honestly, no, because I had no -- because I was
25 not involved in his business, other than sending in

1 applicants. To this day, my website has been closed
2 down, you know. I mean, I haven't been taking, you
3 know, quotes. I haven't been doing quotes for six
4 months, and every day I still get quote requests. I
5 don't know. They just have my email. I mean, this
6 is -- it's heartbreaking. It's heartbreaking for the
7 veterans that want to do this. I mean, 99.99 percent of
8 the veterans out there --

9 Q. Stop talking.

10 A. -- like what we did.

11 Q. Stop talking, please.

12 (Whereupon, Mr. Woerner joined the proceedings.)

13 MR. BURGESS: Please read back my question and
14 his answer.

15 (The record was read by the court reporter
16 as follows:

17 QUESTION: Did it concern you, at all, that --
18 when you learned in 2015 that what Mr. Gamber was
19 doing was the subject of cease and desist orders by
20 Arkansas and other states?

21 ANSWER: Did that concern me?

22 QUESTION: Yes.

23 ANSWER: Honestly, no, because I had no --
24 because I was not involved in his business, other
25 than sending in applicants. To this day, my website

1 has been closed down, you know. I mean, I haven't
2 been taking, you know, quotes. I haven't been
3 doing quotes for six months, and every day I still
4 get quote requests. I don't know. They just have
5 my email. I mean, this is -- it's heartbreaking.
6 It's heartbreaking for the veterans that want to do
7 this. I mean, 99.99 percent of the veterans out
8 there --

9 QUESTION: Stop talking.

10 ANSWER: -- like what we did.)

11 MR. BURGESS: Let the record reflect that
12 Special Investigator, Investigator Bill Woerner, has
13 joined us.

14 BY MR. BURGESS:

15 Q. So, to try and summarize, at least part of your
16 answer, am I correct that you did not -- you were not
17 concerned when you learned that Arkansas and other
18 states had issued cease and desist orders against
19 Mr. Gamber because you were not involved in Mr. Gamber's
20 business, other than referring veterans to him.

21 Is that correct?

22 A. That's what -- that's what I said. Correct, but
23 "concerned" is such a vague thing. Was I disappointed
24 that possibly Drew had done something incorrectly?
25 Absolutely.

1 Q. Okay. What were your thoughts along those
2 lines?

3 A. Well, he was out of business. So my
4 understanding of why he went out of business is that he
5 did not properly disclose to investors the risks behind
6 these pensions. Okay? When he started -- when he
7 started buying these pensions, "Forbes" came out --
8 "Forbes" magazine came out with an article. It said we
9 don't recommend investors buying these pensions because
10 their contracts may not be enforceable. And so I said,
11 hey, Drew, what's this all about? Is this -- is this an
12 issue?

13 He goes, no, that's not correct at all and all
14 the investors know all the risks and they sign -- they
15 sign a hold harmless, you know, with Voyager. So he did
16 answer that question. He was totally need-to-know, but
17 he did answer that question when that article came out.
18 And said no, no, no, it's -- so he said no, they have --
19 they are disclosed the risks. They know the risks, and
20 they sign a hold harmless and they want to invest in
21 this stuff. This is what Drew told me at the time.
22 That was the only time that he even brought it up.

23 Then when he went out of business and all the --

24 Q. I'm sorry. Let me interrupt you.

25 When did you have that discussion with him?

1 When was the Forbes article?

2 A. I'm guessing it was probably in 2012.

3 Q. And what was the substance of the article again?

4 A. The article was that pensioners are selling a
5 piece of their pension for a future payment and this
6 might not be a good risk for investors.

7 Q. Okay.

8 A. Because the contracts may not be forceable, or
9 something, it said.

10 Q. Okay.

11 A. And so I asked Drew about that. He said, no,
12 no, Mark, that's not your concern. They signed a hold
13 harmless; they understand all the risks; we disclose all
14 the risks to the investors. I had nothing -- I had no
15 involvement with anything, other than sending in the
16 applicants, but when I saw that article, of course, I
17 asked Drew because I've done things correctly my entire
18 life. I wasn't going to stop now.

19 Q. Okay. So when you found out about the -- so,
20 first, there was an article in "Forbes" in, what, 2012?

21 A. I'm guessing it was 2012.

22 Q. Raising concerns about Mr. Gamber's activities.
23 Right?

24 A. Raising concerns about investors buying
25 pensions, not just Drew. There was a few other

1 companies that were doing it, I think.

2 Q. Okay.

3 A. So just raising questions about that.

4 Q. And you spoke to him about that?

5 A. Yes.

6 Q. And you were satisfied that, because it didn't
7 involve your side of the transaction, in other words,
8 referring veterans, that -- it didn't much concern you
9 at that point?

10 A. He explained it to my satisfaction.

11 Q. Got it. Okay.

12 And, then, in 2015 when he went out of business,
13 you learned that there were these -- that Arkansas had
14 issued a cease and desist order against Mr. Gamber.

15 Correct?

16 A. Yes, sir.

17 Q. And that other states had issued cease and
18 desist orders against Mr. Gamber.

19 Correct?

20 A. Yes.

21 Q. Did you ever look for those? Did you -- said
22 you never discussed those cease and desist orders with
23 Mr. Gamber.

24 Right?

25 A. Correct. I never discussed them because it was

1 after the fact. He had closed down.

2 Q. Okay.

3 A. He had closed down.

4 Q. Did you ask anybody about those cease and desist
5 orders?

6 A. No, I -- no. It wasn't -- it wasn't -- again,
7 it wasn't something that I knew anything about. You
8 know, according to Drew and Upstate -- and because
9 Upstate Law Group was handling the process, I just
10 assumed that what they were doing was correct. There
11 was a law firm handling the process. So I just assumed
12 it has to be legal, okay?

13 Q. But -- so, on the one hand, you're thinking,
14 well, there's a law firm involved; it has to be legal.
15 On the other hand, you're learning that there were cease
16 and desist orders by Arkansas and other states.

17 Right?

18 A. Yes, sir. And I want to clarify something. It
19 was my understanding that the cease and desist order
20 from Arkansas and any other states that might have been
21 involved was because he was not properly disclosing to
22 investors the risks. It wasn't -- it wasn't about the
23 buying of pensions. It was my understanding that it had
24 to do with him not properly disclosing to the investors
25 that there was risk of default, you know.

1 I think -- and, again, I'm just speculating
2 here, but I'm thinking that he sold these pensions to
3 investors saying these pensions are coming from, you
4 know, cities and policemen -- police organizations,
5 municipalities, state, military; that these are pensions
6 that are guaranteed. So there's not any risk of the
7 pensions not continuing, going bankrupt or whatever, and
8 I don't know he properly disclosed to the investors that
9 because it was just factoring and because the seller
10 never lost control of where his money went, that the
11 seller could default.

12 That was my understanding of those law firms --
13 lawsuits. My understanding was that it was the
14 investors that sued him into oblivion. That was my
15 understanding.

16 Q. What was your understanding based upon?

17 A. Just -- just conversations I had with other --
18 with other people at -- you know, with the people at
19 LF -- the people at PAC. When PAC came back and asked
20 me if I wanted to start sending them leads -- and we'll
21 get -- you know, we'll get into that when we get there,
22 but PAC explained that to me. Brad Chrustawka, Michelle
23 Plant, the people at PAC explained that to me. And
24 then, also, I have always been in contact with a couple
25 of his other vendors. He had multiple vendors, and his

1 other vendors explained that to me.

2 Q. When you say "he," you're referring to Drew
3 Gamber?

4 A. Correct.

5 Q. So the people at P-A-C, PAC and others, told you
6 that Drew went -- Drew Gamber went out of business
7 because investors had sued him?

8 A. Yes.

9 Q. Okay. And when did you learn of these consent
10 orders -- or these cease and desist orders by Arkansas
11 and other states?

12 A. Again, I don't remember exactly, but it was
13 probably at the end of 2015. You know, when he switched
14 company names, when he went from Voyager to BAIC, he may
15 have told me that he was not wanted anymore in Arkansas,
16 and so he switched to Missouri, or something like that,
17 because of -- you know, he didn't give me details. He
18 was a very need-to-know guy, okay, but again, his
19 legal -- his attorney -- I met Drew Gamber once, 24
20 hours. I flew to Arkansas once just to face -- I met
21 him once in my life.

22 And him and John Sheets, his legal -- his head
23 legal guy -- he had a legal team -- said that this was
24 factoring; this was perfectly allowable. Drew may have
25 told me about the Arkansas thing earlier on. I honestly

1 don't remember, okay, but that was my understanding that
2 it was the investors that were -- that were, you know,
3 not being disclosed. And I didn't know that until -- I
4 didn't know that about the investors until the very end.

5 Q. Now, I asked you quite clearly and you answered
6 quite clearly a few minutes ago if you had ever spoken
7 to Drew Gamber about any of these cease and desist
8 orders by other states, and you answered extremely
9 clearly that you had never spoken to him.

10 A. Okay. Well --

11 Q. Now you are telling me that he may -- you may
12 have had a meeting with him where he discussed these
13 things with you.

14 A. I never had a meeting with him. Did I ever ask
15 him about those?

16 Q. You just described to meeting where you flew to
17 Arkansas and met with --

18 A. Yeah, but that wasn't -- that wasn't for that.
19 That was -- that was early on. That was, like, in early
20 2012. That was before any of this. Let me clarify
21 that. I met with him just so that he had a name and a
22 face. When these other legal things came about, it's
23 possible I talked with him over the phone. I honestly
24 don't remember that, okay? I barely remember what I had
25 for breakfast. I'm trying my best to remember

1 everything I can for you guys. I'm an open book. I
2 want to help you guys, okay?

3 When the Arkansas thing happened, I know that he
4 changed company names to BAIC and, of course, I'm sure I
5 asked him, why are you changing company names? What
6 happened? And he may have told me that Arkansas did not
7 want him operating there anymore, so he was going to
8 Missouri and he was changing his company name, but that
9 everything they did was completely allowable and
10 correct. He didn't tell me the reason Arkansas kicked
11 him out.

12 Q. Did it concern you that he had issues -- legal
13 issues with the state of Arkansas?

14 A. It did not concern me because what he explained
15 to me was that what we did was allowable by law and
16 correct. And we had a law firm running the business, so
17 it did not concern me, no. That was between Arkansas
18 and Drew and whatever he did in the past. I had no
19 concerns about that because there was a law firm running
20 the program. How could it possibly be illegal?

21 Q. Right. So let's come back to this dynamic.

22 You keep relying on the -- you relied on the
23 fact that Gamber told you nothing was wrong; that
24 everything was on the up and up --

25 A. Right.

1 Q. -- and there was a law firm -- you keep using
2 the term "running the business."

3 A. Handling the escrow.

4 Q. And are you referring to Upstate Law Group?

5 A. Correct.

6 Q. Okay. So you're aware of that, those facts. On
7 the other hand, you're also aware that Drew has been --
8 is no longer welcome in Arizona, to use your language.

9 Right?

10 A. I may have known that back then. I honestly
11 don't know. I may not have learned that. I honestly
12 don't know the answer -- I don't know if I was aware of
13 that in 2012 or 2013, whenever it happened, or if I
14 wasn't -- or if I wasn't aware of it until after 2015.
15 I honestly don't know the answer. You keep -- you keep
16 pushing me on that. I honestly don't remember when I
17 found out about that.

18 Q. Okay.

19 A. Okay. Thank you.

20 MR. BURGESS: You guys feel free to jump in here
21 anytime.

22 MR. WOERNER: Okay.

23 THE WITNESS: I just want the record to show
24 that I'm trying my best to be as honest and
25 straightforward and specific about everything, and this

1 gentleman is making a lot of faces at me and calling me
2 a liar. And I really don't appreciate it. I'm trying
3 to be helpful.

4 BY MR. BURGESS:

5 Q. That's -- Mr. Corbett, that's your
6 characterization of the record.

7 A. Right. Right. That's what I'm saying. I'm
8 trying to be helpful to you. I'm an open book. I will
9 give you anything I have, but you're coming at me with a
10 very accusatory tone. And I really don't appreciate it.

11 Q. Well, I have facts --

12 A. For the record.

13 Q. I have facts to base --

14 A. Wonderful.

15 Q. -- to back up what I said to you earlier --

16 A. Okay.

17 Q. -- that you are not telling us the truth.

18 A. Wonderful. I'd like to see that because, again,
19 everything I'm telling you is the best that I remember.

20 Q. Okay. So by 2015, when Mr. Gamber went out of
21 business, you were aware, at that point, that Arkansas
22 and other states had issued orders against Mr. Gamber
23 and his business?

24 A. Yes.

25 Q. Okay. And it may have been earlier than that.

1 A. Correct.

2 Q. Okay. Whenever it was that you learned of it,
3 whether it was 2015 or prior to 2015, did you ever seek
4 legal counsel about whether these transactions where
5 veterans sold their income streams to investors --
6 whether those transactions were legal?

7 A. No.

8 Q. You never sought legal counsel about that?

9 A. No, sir.

10 Q. Okay.

11 A. In 2017, when this one came out, the one I just
12 showed you, the Lyons thing --

13 Q. You are talking about the Lyons lawsuit by a
14 veteran in South Carolina?

15 A. Correct. Correct.

16 Q. Okay.

17 A. Brad Chrustawka referred me to an attorney in
18 South Carolina, and I started using him for -- to answer
19 these complaints for maybe a year. I couldn't afford
20 him. Every time he wrote a document, I'd be charged
21 \$3,000. He was doing absolutely nothing for me. He was
22 saying, oh, it's Jones Day; it's Jones Day; they're the
23 death star and we're screwed and -- you know, whatever
24 he was saying. He was shaking in his boots. And so, I
25 mean, I just let him go because I could not afford him.

1 I gave him \$10,000, and then I was out of money.

2 I've never been in a lawsuit in my life, and so
3 I didn't know how this stuff worked. And I just started
4 answering everything myself after that. So that's the
5 only time I had an attorney, just to answer your
6 question.

7 Q. Okay. Did it occur to you that you might want
8 to seek legal advice at any point in these transactions
9 before you got sued in the Lyons matter?

10 A. No, not at all because after Drew went out of
11 business, I was going to work. I was literally starting
12 at Ashley Furniture on a Monday. I was starting their
13 orientation. I was going to work for -- I was out of
14 the business. I was going to work for Ashley Furniture,
15 and then PAC called me up, Michelle Plant, who had been
16 working with Drew over the years. She called me up.
17 PAC had been the company that was doing some of the
18 underwriting for SBC and BAIC, and they said, Mark,
19 we're going to do this correctly; we're going to have --
20 we're going to have 11 pages of disclosures to the
21 investors so that they have -- they know exactly what
22 the risks are. We're going to only -- we're going to
23 underwrite this and make sure that this is a good
24 financial move for the applicant, for the seller.

25 Basically, they came in telling me that they

1 were going to do what I had been doing from day one.
2 From day one, when the applicant came to me, the first
3 thing out of my mouth was you shouldn't sell your
4 pension; don't sell your pension unless it's going to
5 save you money or potentially make you money. And I
6 would explain, here's what people successfully do when
7 they sell a piece of their pension. When they sell a
8 future payment, they pay off debt. So they may sell
9 \$800 a month of a future payment and pay off 1,500 or
10 even \$2,000 of monthly bills.

11 And I told them that's the only time you should
12 consider this, if it's going to save you money or
13 potentially make you money if you're starting a
14 business. And that's documented. That's in an AARP
15 interview from 2013. That's documented. I did
16 interviews with Fox. I did interviews with a bunch of
17 people early on because I was the low-hanging fruit. I
18 was the guy with the website, sending in the applicants.

19 And I would tell them, I'll do an interview with
20 you, but you're not going to publish it because there's
21 no monsters under this bed. And I would explain to them
22 I went out of my way to tell them when this is something
23 to consider and when it's not. And I'll show you what I
24 sent with every -- with every application.

25 So, basically, PAC came to me in 2015, or early

1 2016, and said, Mark, this is what we're going to do.
2 We're going to make sure that this is a win-win; that
3 this is a big win for the seller, a win for the
4 investor. The investor knows all the risks. So they
5 put my mind at ease as to why it was not going to be
6 like Drew. They were not going to be going out of
7 business.

8 Upstate Law Group was handling the escrow. So
9 there was a law group behind the process. I never spoke
10 with Upstate Law Group regarding the legalities. I only
11 spoke with Brad Chrustawka, the guy that ran the
12 company. I met Brad, Mike and Kate once. They flew me
13 to Houston to meet me, and they explained that this is
14 factoring. And, to this day, they still insist it's
15 factoring. So that's how I came to be working with PAC
16 after Drew because they told me they were not going
17 to -- they were going to disclose stuff properly to
18 investors. So there wasn't anything --

19 Q. Let me stop you there.

20 A. That's fine.

21 Q. Let's touch on that point, that issue.

22 A. That's fine.

23 Q. So it was your understanding that PAC was going
24 to do things differently than Drew Gamber.

25 Right?

1 A. Yes.

2 Q. But PAC was being run by who? Michelle Plant?

3 A. No. Brad Chrustawka.

4 Q. Who was Michelle Plant?

5 A. Michelle Plant used to work for Drew. She was,
6 like, his manager, you know. She, kind of, oversaw
7 the -- you know, the underwriting of the applicants,
8 oversaw the matching up of the applicants with
9 investors, I guess. You know, whatever she did, I
10 wasn't privy to everything she did, again, because it
11 was on a need-to-know basis when it was with Drew. They
12 didn't share things with me. I forget what her title
13 was, but it was something like vice president or manager
14 or something.

15 Q. At Drew's company?

16 A. Yes, sir.

17 Q. Okay.

18 A. And then she went and started -- she went with
19 Brad, and they wanted to start their own company. I did
20 not know Brad or Mike. I didn't know anybody at PAC
21 because Drew never introduced me to them, even though
22 they were working -- I apologize. I didn't know anybody
23 from PAC because, again, Drew never shared any of the
24 information on PAC. When PAC was working with Drew, I
25 didn't know any of those people. So it wasn't someone

1 from PAC that approached me. It was Michelle, who I
2 knew at a comfort level from Drew's business.

3 And she said this is what we're going to do, and
4 I said sounds good. Let's do it. And -- because they
5 were, basically, saying they were going to do everything
6 the way I had been doing things from day one, as far as
7 in my conversations with applicants.

8 MS. BROWN: Quick clarification.

9 THE WITNESS: Sure.

10 MS. BROWN: Drew's company, when it changed
11 names, you questioned him.

12 THE WITNESS: Yes.

13 MS. BROWN: When Drew went out of business and
14 Drew's employees are now starting up a new company, did
15 you question them about why they were starting a new
16 company and doing the same thing that he was shut down
17 for?

18 THE WITNESS: Yes, but they told me that he was
19 shut down because he was not properly disclosing the
20 risks to investors, and they were fixing that. They had
21 a new legal document. Upstate Law Group and them had
22 written up new legal documents that really -- what they,
23 quote, told me was 11 pages of disclosures to the
24 investors. So that -- absolutely, I asked them that
25 question, and that was -- and that was their answer that

1 Drew had closed down because he was not properly
2 disclosing to investors the risks, okay? All the
3 lawsuits that I knew were investor-related against Drew
4 and his companies.

5 MS. BROWN: Okay. So you did question them?

6 THE WITNESS: Of course.

7 MS. BROWN: Okay.

8 THE WITNESS: Of course.

9 BY MR. BURGESS:

10 Q. Did you compare the investment documents that
11 Drew's company that Michelle Plant worked at, Voyager
12 Financial -- did you compare those investor documents to
13 the investor documents that you said Upstate Law Group
14 drew up for PAC?

15 A. No, sir. I never -- I never was -- I never was
16 involved with that side. So I did not have -- I did not
17 have anything to compare. I didn't ask for anything
18 like that.

19 Q. So you just --

20 A. I took their word for it.

21 Q. You took Michelle Plant's word for it that
22 things would be different?

23 A. Right. Correct.

24 Q. Okay. When you went to work for PAC, you never
25 sought legal counsel yourself about whether any of this

1 was legal or illegal?

2 A. No, sir.

3 Q. Okay.

4 A. Never.

5 Q. So you said Upstate Law Group prepared the
6 documents that PAC used with investors.

7 Correct?

8 A. I don't know who prepared them, sir. It could
9 have been PAC. It could have been Upstate Law Group. I
10 do not know who prepared those documents.

11 Q. Did I just misunderstand your testimony then?
12 Because I heard you say that Michelle Plant and Brad
13 Chrustawka told you that Upstate Law Group was preparing
14 11 pages of disclosures to investors.

15 A. You misunderstood. She told me that they are --
16 they're changing all their documents. There's going to
17 be full disclosure.

18 Q. Who is "they"?

19 A. PAC.

20 Q. Okay.

21 A. And I don't know if it was Upstate Law Group.
22 Being a law firm, I would assume that they had a hand in
23 the documents, but it could have been PAC. It could
24 have been Upstate Law Group. I do not know.

25 Q. So if you don't know whether a law firm was

1 involved in preparing the documents that were going to
2 be given to investors, how do you know that those
3 documents -- why did you rely that those documents were
4 legal?

5 A. Because I trusted -- I trusted Michelle and
6 Upstate Law Group. Why in the world would a law firm do
7 something that was illegal? So --

8 Q. But they didn't draft -- you don't know whether
9 they drafted the documents.

10 Right?

11 A. No, but they -- they were running the -- they
12 were handling the escrow. They are executing the sales
13 process. They were the ones that were receiving the
14 money from the investors and sending the -- receiving
15 the lump sums from the investors and sending them their
16 monthly payments. So they were -- they were involved in
17 the process.

18 Q. Okay. Are you married?

19 A. No, sir. I'm a single father.

20 Q. Single.

21 How long have you been -- have you been -- let
22 me ask this. I'm not trying to be intrusive.

23 Have you been single since 2012?

24 A. Yes.

25 Q. Okay. And you said you're a father.

1 How many children do you have?

2 A. I just have one daughter. I adopted her. I've
3 never been married. I have one daughter that I adopted
4 when she was a baby.

5 Q. What's her age now?

6 A. 22. She'll be 23 in a couple of weeks.

7 Q. Okay. And where do you hold bank accounts?

8 A. Chase.

9 Q. Anyplace else?

10 A. A Chase account.

11 Q. Anyplace else?

12 A. No, sir. I had a bank account with Wells Fargo.
13 We had to close that up because we just couldn't -- you
14 know, I had overdrafts, and they pay them. And so I had
15 to -- I couldn't cover their fees. I'm barely making my
16 rent payment right now because I had to start a new job.
17 So it's tight.

18 MS. BROWN: What was the time frame you were at
19 Wells Fargo?

20 THE WITNESS: Oh, the whole time.

21 MS. BROWN: What whole time?

22 THE WITNESS: I left Wells Fargo about two
23 months ago, so from 2011. And I have all the bank
24 records. I have all the financial statements. I have
25 all the tax returns. I've got everything.

1 MS. BROWN: Okay.

2 THE WITNESS: Yes, ma'am. And Wells Fargo shows
3 every deposit. Every commission that I made is in the
4 bank statements for Wells Fargo, whether it came from
5 Upstate Law Group or whoever. They were sending out the
6 payments. So you can see the income each year. I mean,
7 I have all that available.

8 BY MR. BURGESS:

9 Q. All right. Well, let's talk about what your
10 role is, and you started to talk about some of it with
11 respect to your interactions with veterans.

12 What exactly did you do with respect to
13 veterans?

14 A. Okay. Well, after I sold Drew my pension, I
15 said, can I refer business to you? He said sure. He
16 gave me a website, one of his own websites, Buy Your
17 Pension. He gave me a rate sheet -- at first, he didn't
18 give me a rate sheet. He just gave me a website. If
19 people came to that website, I will receive the quote
20 request, and I would forward that quote request to one
21 of Drew's employees. The employee would send me back
22 the quote, and I would send it to the investor. And I
23 would say here's --

24 Q. To the veteran?

25 A. To the seller.

1 Q. To the veteran?

2 A. To the seller. Yes, to the seller, whoever the
3 seller may be. And I would say to the seller, here are
4 some options; please review and call to discuss. And I
5 wouldn't send any applicants in until I called them,
6 until I discussed it with them because I wanted them to
7 understand what they were doing. So if an applicant
8 liked -- you know, liked what they saw, they would call
9 me, say we'd like to apply. And I'd say okay, this,
10 this, this and this. You should only do this if it's
11 going to save you money.

12 I would always, you know, say you shouldn't sell
13 your pension unless it's clearly going to benefit you
14 financially. They would say, how is that? I said if
15 you're paying off more debt. If you're selling \$800 and
16 paying off \$1,500 of monthly debt, you'd be saving
17 money. I mean -- and I explained to them the parameters
18 that I felt personally were the only time you should
19 even consider this. And that's, again, published in
20 interviews all the way back to 2012 or 2013. And so
21 then --

22 Q. Well, I don't have the benefit of those
23 interviews.

24 A. Right, but you can find them, though.

25 Q. Well, why don't you tell me what the benefits

1 were that you told veterans about.

2 A. Right. Right. As I explained, I would tell
3 them you should only consider selling your pension if
4 it's going to save you money, if it's -- people use us
5 primarily for debt consolidation. Occasionally, someone
6 will use us to start a business. Okay? If you don't
7 fall into one of those two categories, don't even waste
8 your time. You shouldn't do this.

9

10 EXAMINATION

11 BY MR. WOERNER:

12 Q. Mr. Corbett, I have a question.

13 A. Of course.

14 Q. In regards to your website, those are,
15 obviously, important things to you that you told the
16 veterans.

17 Were those two items prominently displayed on
18 the website?

19 A. Yes.

20 Q. Okay.

21 A. Yes, sir. It's right there. As a matter of
22 fact, the website --

23 Q. Like, to the veteran, hey --

24 A. Yes.

25 Q. -- you should not sell your pension but for

1 these things?

2 A. Yes, yes, yes.

3 Q. Okay.

4 A. As a matter of fact, a piece that I send out, I
5 had put on the website. Now, I didn't fill the
6 website -- the only website I had was Buy Your Pension.
7 That was handed to me by Drew. I had a friend that
8 started sending me -- that built a couple of websites
9 modeled off of Buy Your Pension, and I made him put that
10 in there. Yes, sir. So -- but at the end of the day,
11 no applicants -- no applicants came in -- I sent no
12 applicants to Drew until I spoke with them.

13 And they were always caught by surprise. They
14 were always aghast. Don't you want to make a sale here?
15 Why are you telling me not to do this? They were always
16 surprised. I go, because you only want to do this if
17 it's going to save you money. You shouldn't sell your
18 pension if you're using this -- you should only do this
19 if it's surplus income and it's going to save you money
20 to do this. And here's how it can possibly save you
21 money, but if you're not, you shouldn't send it in.

22 Now, at the end of the day, if they insisted, I
23 want to apply, I just sent it in because, you know --
24 with PAC and LFO, I told them they're not even going to
25 look at it. If you're -- if this is not a good move

1 financially for you, they're not even going to --
2 they're going to decline you. We had people making six
3 figures with no debt, and they were declined immediately
4 because it didn't make any sense for them to do that.
5 So I was very proud of the job that I did when an
6 applicant came to me, and there were hundreds of
7 testimonials on my website about the great job, you
8 know, about how I was up front and honest with them.
9 And that was -- that was everybody. It wasn't just
10 vets. It was police, fire.

11 MS. BROWN: What were those two -- you said
12 someone created two websites for you.

13 What were those?

14 THE WITNESS: Yeah. No, they didn't -- my
15 friend -- my friend Aydin Hamouni, a guy that --

16 MS. BROWN: But what were the websites?

17 THE WITNESS: Veterans Benefit Leverage and
18 Bradling.com.

19 MS. BROWN: What's the second one?

20 THE WITNESS: Bradling. Brad, like a guy's
21 name, B-R-A-D-L-I-N-G. And those were -- those were
22 designed by Aydin. They're owned by Aydin. I've
23 told -- I mean, as a matter of fact, I think -- I think
24 Veterans Benefit Leverage is still up. I mean, I don't
25 get quote requests from them, but I think -- I think

1 they're still up. He said he hasn't taken them down. I
2 told him he should take them down. They're owned by
3 Aydin.

4 And they were sending me applicants, and then --
5 and then I had a couple of other people that were
6 sending me applicants. Dave Molten from right here in
7 Arizona, Pension -- Pension -- I think his company's
8 website was called pensionloan.com, or something like
9 that. They were sending these applicants. They were
10 sending me applicants. And then Nick, one of Drew's
11 earlier vendors from -- he had a website called
12 buyyourpayment.com, and he was sending me applicants.
13 So -- and so -- because all these guys got a piece of
14 the commission. When something closed, they got a piece
15 of their commission. So they got -- you know.

16

17 FURTHER EXAMINATION

18 BY MR. BURGESS:

19 Q. So the website that Drew Gamber provided to you
20 was buyyourpension.com?

21 A. Yes, sir.

22 Q. And then your friend --

23 A. Aydin.

24 Q. Aydin?

25 A. A-Y-D-I-N.

1 Q. A-Y-D-I-N.

2 He provided you with
3 veteransbenefitleverage.com?

4 A. He didn't provide me with it. He built a
5 website that sent me applicants, but he got a commission
6 on it, on each one of those applicants.

7 Q. And Aydin, also, sent you applicants from his
8 website, bradling.com.

9 A. Correct.

10 Q. And then you mentioned a few others.

11 A. Yes.

12 Q. But you didn't own or control those websites?

13 A. No, sir. Those -- because, again, I'm kicking
14 and screaming into the 21st Century. I'm not very
15 technological. My daughter helps me with my laptop. So
16 Aydin was, kind of, like, my I.T. guy. If there was any
17 issues with email or whatever, I would always ask Aydin
18 to help me with that.

19 Q. And what was the -- in which website did you
20 post the disclosure that Investigator Woerner just asked
21 you about a few minutes ago?

22 A. Oh, no. That -- I sent that with every -- you
23 mean the -- we're talking about that they shouldn't do
24 this unless -- yeah, that was with every -- with every
25 person that requested applications. I sent an email.

1 Oh, no, no. It was also posted on Veterans Benefit
2 Leverage. It was also posted on Bradling. The other --
3 the other two were not -- were -- you know, those
4 guys -- I don't think they posted anything. I think Buy
5 Your Payments had a bunch of similar information,
6 similar disclosures as to be sure only to do this if.
7 Pension Loan Companies, I don't know if he had any
8 disclosures, but I think he -- he fell off several years
9 ago. He wasn't -- he wasn't with me at PAC or LFO. He
10 was with me earlier on.

11 Q. You said that you sent an email with these
12 disclosures to veterans?

13 A. Yes, sir.

14 Q. You are looking at your computer.

15 A. I can share it with you, if you'd like.

16 Q. Okay.

17 A. Yeah. I'd be happy to.

18 MS. BROWN: Jamie, while he's looking that up,
19 is this something that we would like to make copies of
20 the documents he's showing us regarding the exam here?

21 MR. BURGESS: Uh-huh.

22 MS. BROWN: And will we need, like, a thumb
23 drive to put those on there since they're on his
24 computer?

25 MR. BURGESS: Sure.

1 THE WITNESS: I can forward it to you right now.
2 No problem. What I did --

3 MR. WOERNER: I'll give you my email address.

4 THE WITNESS: Okay. Very good.

5 What I did was I would send a quote, and -- I
6 would send a quote if they decided they wanted to
7 proceed. I would send the applicant the applications
8 and, with the applications, I would send, you know,
9 something -- this is what I would send. And it evolved
10 over the years, of course, but let me just show you
11 the -- all right. Okay. Oh, I'm not connected. That's
12 probably why. Here we go.

13 All right. So -- in here. Okay. What we do,
14 and then this is what I sent to applicants. It talked
15 about all the things, and then a little flier that I put
16 together that I was very proud of. And, if you'd like,
17 I can read it to you. I can forward it to you right
18 now.

19 MR. BURGESS: You can just forward it to us. We
20 don't need to read it now.

21 MR. WOERNER: You want me to give it to you now?

22 THE WITNESS: Yes, please.

23 MR. WOERNER: Address, W-W-O-E-R --

24 THE WITNESS: I got it.

25 MR. WOERNER: Oh, you got it?

1 THE WITNESS: Yeah.

2 MR. WOERNER: Okay.

3 THE WITNESS: All right. Send.

4 And I was sending this out to everybody probably
5 from -- I'm guessing from 2013 on. You know, I was
6 sending out something -- something like this. Again, it
7 evolved over the years. I took out military. On the
8 incarnation that you're seeing, it doesn't -- it has
9 police, fire. I took military out because the -- that
10 was the latest incarnation. The CFPB said we don't want
11 you doing military anymore. So I immediately took out
12 military the second they told me that.

13 MS. BROWN: So earlier when you said it evolved
14 over the years --

15 THE WITNESS: Yes.

16 MS. BROWN: -- was that the only thing that
17 changed over the years was after the PF or PC -- you
18 know what I'm talking about.

19 MR. WOERNER: CFPB?

20 MS. BROWN: That's it, CFPB.

21 After they asked you to take military out, is
22 that the only time you evolved or changed your --

23 THE WITNESS: No, no, no. I -- no, absolutely
24 not. It started with the flier that you'll see on the
25 very bottom, okay? That was -- that was something I was

1 very proud of. And the flier that you see on the bottom
2 is what went on the websites, Bill, the bottom of the
3 email.

4 MR. WOERNER: Okay.

5 THE WITNESS: That's in, like, flier form.
6 That's what went on the websites, okay? And, you know,
7 I would also send in all these -- all these caveats, and
8 that -- the verbiage changed a little bit over the
9 years. I had to tweak it to make it better.

10 MS. BROWN: And what was the reason for changing
11 the verbiage on that warning?

12 THE WITNESS: Just so that it was real clear. I
13 mean, I just wanted to make it real clear and I -- if I
14 thought of a better way to describe it. This was
15 basically -- you know, what you're seeing is, you know,
16 very close to the first, you know, incar- -- whatever,
17 the first draft, pretty much. I mean, I just tweaked it
18 a little bit here and there to make it more and more
19 clear, but the flier on the bottom was the basic, you
20 know, thing that I was real proud of. And so much that
21 I had them post that on the website. This is things
22 that -- these are things to consider.

23 MS. BROWN: Okay.

24 THE WITNESS: And can I read that to you guys,
25 if you'd like?

1 MS. BROWN: Sure.

2 MR. BURGESS: Sure. Go ahead.

3 THE WITNESS: Okay. Thank you. I appreciate
4 it. Okay. All right. I'll read it from the top.

5 The way our program is set up, you will be
6 declined unless it's clear this will benefit you
7 financially -- now, this was when I was with PAC and
8 LFO, okay, because before that, Drew wanted me to send
9 in any applicant that wanted to come in. I would give
10 them my two cents, but I would send them the applicant
11 if they insisted.

12 The way our program is set up, you will be
13 declined unless it's clear that this will benefit you
14 financially. Please see examples below. 95 percent of
15 our applicants do this for debt consolidation and
16 actually save money doing so. If you have a 700-plus
17 credit score, you can do better at a bank or a credit
18 union for a small loan, say, 15,000 or less. Most
19 financial institutions will require collateral -- will
20 require collateral if you are looking for a large
21 amount, regardless of credit score.

22 For most people, we are a much cheaper
23 alternative than loan companies who charge 60 percent
24 plus in interest -- I had deals with CashCall, and I was
25 paying 90 percent, okay? -- 60 percent plus in interest

1 and, if it's the right fit, you can get -- even get a
2 larger amount of money. The equivalent APR at 10 years
3 with us is 22 percent, although, again, it is not a
4 loan, it is a sale. At five years, 36 percent is the
5 equivalent APR, which, again, is half of what loan
6 companies charge.

7 Then we take it one step further. If selling
8 does not clearly put you in a better place financially,
9 you will be declined. And this was PAC's philosophy --
10 PAC and LFO -- you will be declined. Call me anytime.
11 My company sends me -- sends in interested applicants.
12 I have nothing to do with the approval or sale. I'm
13 basically a lead-generation website. That said, I will
14 be glad to discuss this -- I will be glad to discuss
15 when this is something to consider and when it is not.
16 I myself was a customer.

17 We are a company that can help you sell future
18 payments from any income stream to outside investors.
19 We work with all pensions -- and this is where I took
20 out military. It said police fire, OPM.

21 MR. BURGESS: Slow down.

22 THE WITNESS: Sorry. OPM, unions, teachers,
23 state, federal and municipal pensions. Military was
24 omitted from that. It had been in there up until the
25 time CFPB said knock it off, okay?

1 If you sell -- and I'm almost done. If you sell
2 four years of any income stream, you are getting 52
3 cents on the dollar. They didn't do any four-year
4 deals, though, as it turned out. They had it available,
5 but I don't know if they didn't have investors or what.
6 At six years, you are getting 46 cents on the dollar.
7 With most installment loan companies, you are paying
8 back three, four, five and even six times what you
9 borrow. I was the king of that. Don't even mention
10 auto signature loans or payday loans.

11 Here is it what I see daily with our company. I
12 see people sell \$800 a month of an income stream for six
13 years and pay off 1,500, or even 2,000, of monthly debt.
14 Now instead of eight open accounts, paying 2,000 a
15 month, all their accounts are paid in full. Their
16 credit scores are going through the roof, and they have
17 one payment of \$800 a month. That is what we do. Read
18 the hundreds of testimonials at my website. Our company
19 won't even allow you to proceed unless your application
20 suggests that this sale will benefit you financially.

21 And that was fact. This must make good
22 financial sense for the seller in order to be approved
23 to proceed with our company. Every application gets
24 this introductory email you see below. And then it's
25 the flier, and this is very brief.

1 Dear pension sale applicant, thank you for your
2 recent request for a quote or application to sell a
3 piece of your income stream for a short period of time.
4 Whether you have only received a quote, have called to
5 discuss or even apply, we want to thank you for your
6 interest. Here are some of the key reasons why selling
7 a small piece of any income stream with our company may
8 be of great value.

9 Number 1, only consider selling if it will
10 ultimately save or make you money. And if we've spoken,
11 you know I am a broken record on that subject. Number
12 2, debt consolidation is the reason most applicants
13 apply. Every day I see people sell, for example, \$800
14 of their pension and pay off \$1,800 of monthly bills.
15 Number 3, improvement of credit score to allow for lower
16 interest rates when applying for credit. Number 4, also
17 out of the debt consolidation playbook, the services of
18 a reputable debt settlement company can assist where
19 debts are in collections. PAC offered Integrity Debt
20 Solutions to help them settle their debts.

21 Number 5, in this tight financial environment
22 where many small business loans are almost impossible to
23 qualify for, many applicants have found our services to
24 be the solution for getting their own small business off
25 the ground. And then, finally, Number 6, the ultimate

1 end game for many, if not most applicants, is to clean
2 up their credit so they can avail themselves of better
3 interest rates on cars, homes and major purchases. For
4 many of our customers, that's a big mission
5 accomplished. Please check out our many testimonials on
6 the website.

7 And that's basically it. There's another little
8 paragraph, but that's it. And that's what I was telling
9 people from day one. I started actually sending this
10 stuff probably around 2013, I'm guessing.

11 MR. BURGESS: Okay.

12 MS. BROWN: Who actually made the decision --
13 you said that if it didn't put you in a better place
14 financially, you will be declined.

15 Who decided that financial decision?

16 THE WITNESS: That was Mike Chrustawka at PAC.
17 Mike was the guy that -- after the application came in,
18 PAC would put it all together. And, if it met their
19 parameters, it would get to Mike. If it got to Mike,
20 Mike would pick up the phone and -- I mean, Mike would
21 review it. And if he saw merit in the application, he
22 would pick up the phone and talk for 45 minutes or an
23 hour with the seller. I mean, the sellers were always
24 amazed, I mean, at how much --

25 MS. BROWN: Okay. You answered the question.

1 Thank you.

2 THE WITNESS: Okay.

3 BY MR. BURGESS:

4 Q. I'm curious about something you said.

5 You referenced 90 percent interest? Did I
6 misunderstand somewhere in there?

7 A. Yeah.

8 Q. And then you said you were the king of that, and
9 I didn't understand what you were talking about.

10 A. That was just -- what I was saying was that I've
11 used the Avants and the CashCalls of the world where
12 you're paying 60 to 90 percent interest on your loans,
13 okay? And so what I was using as an example here was
14 that these are much -- these were much lower interest --
15 even though it's not a loan, it's a sale, these are
16 ultimately a much interest rate. At ten years the APR
17 was 22 percent.

18 Q. So explain to me how -- if it's a sale and not a
19 loan, there's a -- there's an interest rate associated
20 with the sale.

21 A. Exactly, and that's what I said in there. I
22 said this is -- remember -- this is not a loan. This is
23 a sale, but the equivalent APR -- that's why I said at
24 five years, you're getting 46 cents on the dollar. At
25 ten years, you're getting 38 cents on the dollar. I

1 made it clear and I said the equivalent interest rate
2 for that, the equivalent interest rate, although this is
3 not a loan. So -- because people would ask. They'd
4 say, what's the interest rate on this? I want to get a
5 loan. What's the interest rate?

6 Well, sir, it's not a loan, but the equivalent
7 APR at ten years is 22 percent. The equivalent APR at
8 five years is 36 percent. And I'm sure, in hindsight,
9 Drew designed it that way, because we used the same
10 pricing that Drew used, the same rate sheets.

11 MR. WOERNER: So I think what Mr. Burgess is
12 asking -- and I have an accounting background -- how
13 were those APRs computed on a sale? I'm not sure how
14 you get to those numbers.

15 THE WITNESS: Right. No, I just use the Google
16 rate calculator, and I put in how much they were selling
17 and how much they were getting. And that would -- and,
18 again, I think Drew designed it so that it was not
19 usurious; that it was -- 36 percent was the highest,
20 which I think is not usurious, or whatever. And so I'm
21 just -- I'm just guessing that that's why he set it up
22 that way, but I never talked interest rates unless they
23 asked because we didn't ever want to confuse them. This
24 is not a loan. This is a sale, okay?

25 MR. WOERNER: Right.

1 BY MR. BURGESS:

2 Q. And what are they selling?

3 A. They're selling a future monthly payment. It's
4 called factoring.

5 Q. They're selling a future monthly payment?

6 A. Correct.

7 Q. And the payment, at least with respect to the
8 veterans, was coming from either the Veterans Affairs
9 Administration for disability payments.

10 Correct?

11 A. No. It was -- I mean, it was coming from --
12 with PAC and LFO, it was coming from the veteran's bank
13 account after they received their pension.

14 Q. What about before --

15 A. Yes.

16 Q. -- PAC?

17 A. Before, with any -- with any pension provider
18 that did not do allotments -- from the very start, if
19 your pension provided an allotment, they would set up an
20 allotment and just have that payment coming to Drew's --
21 to Upstate Law Group. So --

22 Q. Wait, wait, wait.

23 A. So any pension provider that didn't do an
24 allotment -- DFAS does -- DFAS does allotments, Jamie.
25 I'm trying to answer your question.

1 Q. I know you are. Please slow down. I'm just
2 confused.

3 First of all, what's an allotment?

4 A. Okay. An allotment is when -- is when you're
5 receiving a pension and you can -- you can send some of
6 that money to pay monthly bills. You can make a car
7 payment from your pension. You can make a house payment
8 from your pension. At DFAS, you can allot a piece of
9 your pension to pay a bill. That's called an allotment.

10 Q. Okay. And DFAS is Defense Finance and
11 Accounting Services?

12 A. Correct.

13 Q. And that's a division within the Department of
14 Defense?

15 A. Correct.

16 Q. And that's the division within the Department of
17 Defense that pays military retirement pay.

18 Correct?

19 A. I believe that's correct.

20 Q. Okay.

21 A. So any -- so any company that did not -- like,
22 the state of Pennsylvania didn't do allotments. They
23 only send to one place.

24 Q. Okay. I'm not interested in the state of
25 Pennsylvania.

1 A. No, no. I'm just trying --

2 Q. I'm not interested in the state of Pennsylvania.

3 A. Okay. All right. So are you saying you don't
4 want me to volunteer any information at all? You want
5 me just to answer your question and not volunteer
6 information? I'm honestly asking. I'm not trying to be
7 a -- you know, a smart ass. I'm asking you.

8 Q. I want you to try and answer the questions that
9 I'm asking.

10 A. Okay. All right. Very good.

11 Q. Because, you know, I am going to try to get you
12 out of here to make your flight, but if you want to give
13 speeches and self-advocate and spill out all kinds of
14 information that I haven't asked you about, it's going
15 to be a very long day.

16 A. I'm just trying to paint the best possible
17 picture. Of course, I'm going to self-advocate. Who's
18 going to advocate for me, if not myself?

19 Q. Well, you're -- you know, if you want a lawyer,
20 we can stop and get a lawyer.

21 A. No. I can't afford a lawyer, sir.

22 Q. All right. So when you were working with
23 Mr. Gamber and his companies, BAIC and SoBell --

24 A. Yes, sir.

25 Q. Can we focus on those?

1 A. Yes, sir.

2 Q. Okay. And just so I'm correct, those were his
3 companies.

4 Right?

5 A. That's my understanding. Yes, sir.

6 Q. Okay. When you worked with him, how did the
7 payment -- how did the money flow work? A veteran
8 agrees to sell the payments that he or she is going to
9 get from either DFAS or from the VA.

10 Correct?

11 A. Any applicant, a veteran, could sell a piece of
12 any income stream that they receive, not the whole
13 thing, but a piece of any income stream that they
14 received.

15 Q. Okay. Let's say a veteran was receiving \$1,200
16 a month from the Veterans Affairs Administration, as an
17 example, okay?

18 A. Yes, sir.

19 Q. The veteran -- or, let's say, it's \$1,250, okay?

20 A. Okay.

21 Q. The veteran agrees -- after speaking with you,
22 the veteran agrees that the veteran is going to sell
23 about a \$1,250 monthly payment that he's getting from
24 the VA -- the veteran is going to sell \$1,000 of that
25 for five years.

1 A. The most that they would let them sell was 75
2 percent. So whatever that 75 percent is is the most
3 that they would let them sell.

4 Q. All right. Then let's change the numbers a
5 little bit.

6 A. Okay.

7 Q. New example. The veteran is getting \$1,500 --

8 A. Yes, sir.

9 Q. -- a month from the VA.

10 A. Right.

11 Q. The veteran, after speaking with you, decides he
12 wants to sell \$1,000 a month of his pension -- or I'm
13 sorry -- of his disability payments from the VA.

14 A. Okay.

15 Q. Okay? That's within the 75 percent parameters
16 that you've just explained.

17 Right?

18 A. That's within the parameters, yes, sir. That
19 was my parameter. That was my dictate that they said --
20 they said you can only send in applications for up to 75
21 percent. Again, how they determined eligibility with
22 any of Drew's companies, I did -- I was not privy to.

23 Q. I didn't ask you about eligibility.

24 A. Okay.

25 Q. I'm trying to stay on task here, okay?

1 A. Yeah.

2 Q. So the veteran agrees he's going to sell \$1,000
3 of his \$1,500 a month.

4 Right? What happens with the money? How does
5 he -- how does he effect -- he's selling \$1,000 a --
6 payment each month of \$1,000 to an investor.

7 Right?

8 A. Right.

9 Q. Okay. How physically does the money move?

10 A. Okay. When are we talking about? And are we
11 talking about Drew's first company? Are we talking
12 about PAC? LFO? Because the answer is different.

13 Q. I thought I made this clear a few questions ago.
14 Right now we're only talking about BAIC and SoBell.

15 A. Okay. With BAIC and SoBell, I believe -- and,
16 again, this is to the best of my recollection -- if it
17 was a pension that could be an allotment, like DFAS,
18 like a military pension, that monthly payment came from
19 DFAS to Upstate Law Group and Upstate Law Group sent
20 that to the investor each month.

21 Q. In what amount?

22 A. Whatever amount they were selling. \$1,000, in
23 your example.

24 Q. Okay. So the veteran -- so how would the money
25 move from the VA to the investor?

1 A. From the VA? When it came from the VA, the VA
2 early -- and, again, I don't know if -- by the time they
3 were with SBC, if they had switched this, but initially,
4 any pension company that didn't do allotment, such as
5 the VA, the entire pension went to Upstate Law Group.
6 Upstate Law Group would send the piece that they were
7 selling to the investor and send the rest, wire
8 transfer, to the seller.

9 Q. Okay. So, in our example, the veteran is to
10 receive \$1,500 a month from the VA. The veteran
11 arranges for that -- for the VA to send the \$1,500 to
12 Upstate Law Group's account.

13 Correct?

14 A. Yes, sir.

15 Q. And then Upstate Law Group takes \$1,000 of that
16 1,500 and forwards that \$1,000 to the investor.

17 Correct?

18 A. Yes, sir. That's my understanding.

19 Q. And, then, what happens with the \$500 remainder?

20 A. That was immediately sent to the -- to the
21 seller.

22 Q. Back to the veteran?

23 A. Correct.

24 Q. Okay. And so that covers transactions involving
25 payments from the Veterans Affairs Administration.

1 Right?

2 A. Up until --

3 Q. Up until --

4 A. It changed.

5 Q. For SoBell and BAIC, at least.

6 Right?

7 A. Again, by the time it was SoBell -- no. Yes,
8 you are correct.

9 Q. Okay.

10 A. Yes. That's absolutely correct because they
11 didn't change it until it got to PAC.

12 Q. Got it.

13 With respect to DFAS payments --

14 A. Right.

15 Q. -- help me understand.

16 Does DFAS make allotments?

17 A. Yes.

18 Q. Meaning --

19 A. Yes.

20 Q. So DFAS will -- so the veteran can say, hey, I'm
21 getting \$1,500; I want \$500 every month to go to my
22 mortgage company and the other thousand dollars, I want
23 in my own bank account?

24 A. Correct.

25 Q. Okay. So the payments from DFAS worked a little

1 bit differently than the ones from the VA?

2 A. Yes. They did allotments.

3 Q. Okay.

4 A. Yes, sir.

5 Q. Okay. So with respect to the -- let me think
6 about this for a second. I apologize.

7 A. Take your time, sir. No worries. I'm glad I'm
8 not the only one that has the lapses.

9 Q. So I want to -- so with respect to veterans who
10 were receiving payments from the Veterans Affairs
11 Administration, what was it that they were agreeing to
12 sell in these transactions?

13 A. They were selling a future monthly payment.

14 Q. Okay.

15 A. Okay? Of whatever they -- whatever they were --
16 whatever they wanted to sell that was approved by any of
17 Drew's companies.

18 Q. And what was the source of the payment? The VA
19 payment.

20 Right?

21 A. Yes, sir.

22 Q. Okay. Not any other source of income that the
23 veteran might have had?

24 A. No. It's my understanding that in the
25 underwriting process, they looked to make sure that the

1 veteran had ample income to live on if he sold a piece
2 of his pension. That was my understanding of Drew's
3 underwriting process.

4 Q. So the veteran was selling exclusively the -- a
5 portion of the funds that the veteran was receiving from
6 the Veterans Affairs Administration.

7 Correct?

8 A. If it was a VA applicant, that's correct.

9 Q. Okay. Now, with respect to veterans receiving
10 military retirement pay from the Department of Defense,
11 the DFAS, what was it that they were selling?

12 A. Same thing. They were just selling a future
13 monthly payment, but they were -- they had the luxury of
14 being able to just do it via allotment.

15 Q. Okay. So, in our example, a veteran receiving
16 military retirement pay from the Department of Defense
17 of, say, \$1,500 a month could agree to sell \$1,000 of
18 that monthly payment to an investor and the veteran. So
19 the VA -- I'm sorry -- the DFAS would send \$1,000 where?
20 To Upstate Law Group's account?

21 A. Correct. That's my understanding.

22 Q. And then \$500 to the veteran's own personal bank
23 account?

24 A. That's my understanding. Yes, sir.

25 Q. Okay. And, kind of a similar question to what I

1 asked you before, with respect to the payments from the
2 DFAS for military retirement pay, what the veteran --
3 the source of the payment that the veteran was agreeing
4 to sell was the payment itself from the DFAS.

5 Right? Not from any other source of income the
6 veteran might have?

7 A. Correct.

8 Q. Okay.

9 A. Strictly from an income stream. They could sell
10 a future payment from any income stream.

11 Q. From any income stream, but the ones that were
12 being sold --

13 A. Were from -- were pension income streams,
14 pensions. Yes, sir.

15 Q. From the Department of Defense?

16 A. Among everything else, yes. DFAS -- they could
17 sell a piece from DFAS. They could sell a piece from
18 the VA. They could sell a piece from whatever pension
19 they happen to be receiving.

20 Q. We're only talking about veterans, okay --

21 A. Okay.

22 Q. -- if I didn't make that clear.

23 Should we go over some ground rules?

24 A. No. I mean, you just told me you're only
25 talking about veterans.

1 Q. We're going to go over some ground rules.

2 A. That's fine.

3 Q. Today's focus is only on income streams for
4 veterans of the United States military.

5 Okay?

6 A. Okay. Right.

7 Q. I'm not concerned with income streams from any
8 other sources.

9 Okay?

10 A. Yes, sir.

11 Q. So I don't want you to provide any answers about
12 corporate pensions because I'm not asking you about
13 corporate pensions.

14 Okay?

15 A. Okay.

16 Q. I'm not going to ask you about any state or
17 local government pensions.

18 Okay? So I don't want any answers about state
19 or local government pensions.

20 A. Okay. Got it.

21 Q. I'm not going to ask you about any pensions from
22 private businesses such as the National Basketball
23 Association.

24 Okay?

25 A. Right.

1 Q. So when we're talking about income streams,
2 we're talking about income streams that either result
3 from disability payments from the Veteran Affairs
4 Administration or retirement payments from the Defense
5 Finance and Accounting Service.

6 Okay?

7 A. Yes, sir.

8 Q. All right. So when we talk about sales of
9 income streams, we're talking about sales of veterans
10 payments from either the VA or the DFAS.

11 Okay?

12 A. Yes, sir.

13 Q. All right. Did you ever tell any -- did
14 veterans ever ask whether these transactions were legal?

15 A. Absolutely, all the time.

16 Q. And what did you say?

17 A. I told them exactly what I was told by Drew
18 Gamber, his legal team, and that is that it was -- and
19 then Brad at PAC and LFO -- that it was -- it was legal.
20 It was factoring. You were selling a future monthly
21 receivable, future monthly payment, for a lump sum of
22 cash.

23 Q. Okay. Did you -- since veterans were asking you
24 whether -- were asking you whether it was legal, did you
25 ever do anything, other than talk to Mr. Gamber or --

1 A. John Sheets was his lead attorney. John Sheets.

2 Q. Okay. Did you talk to John Sheets?

3 A. Only when I met with Drew the one time, when I
4 met with Drew. My -- all my communication was with Drew
5 Gamber.

6 Q. Okay.

7 A. And, again, if it wasn't for the fact that
8 Upstate Law Group was handling the escrow, maybe -- you
9 know, hindsight 20/20, maybe I would have asked for more
10 information, but Drew said, no, this is factoring;
11 you're selling a future payment. You know, I Google'd
12 it.

13 Q. Did you do anything independently yourself to
14 determine that the information he was giving you was
15 accurate? Because -- go ahead and answer that.

16 A. We -- I, probably, over the course of those
17 years, did I -- I probably Google'd "assignment" and --
18 but that would be the extent of it. So, I guess, the
19 answer is no. It was my understanding that assignment
20 was something where you're irrevocably sending something
21 to someone, and this was -- the way they explained it --
22 the way Drew explained it to me was that they never lost
23 control of where their pension went. They could
24 exchange it. They could take their lump sum of money
25 and then stop sending in their payment, which a lot of

1 them did. I would say the lapse rate was probably 80 or
2 90 percent.

3 Q. The lapse rate is 80 or 90 percent?

4 A. The default rate. That's my best guess.

5 Q. So 80 or 90 percent of the veterans end up
6 defaulting on their obligations?

7 A. Correct. Correct. That's my understanding
8 based on what I've been told.

9 Q. What's your understanding of why they default
10 like that?

11 A. I guess -- I mean, I didn't know. I didn't know
12 why. I have no idea why. All I know is that -- I know
13 this now. At the time, I had no idea. This was, like,
14 probably in 2016 or 2017 that I learned about the high
15 default rates with Drew's companies. I had no idea.
16 That information was never shared with me. Why did they
17 not pay their bills? You'd have to ask them, sir.

18 Q. When you give the 80 or 90 percent default rate,
19 was that -- that was with respect to Mr. Gamber's
20 companies, I take it?

21 A. Correct.

22 Q. And so BAIC and SoBell and Voyager Financial
23 before those two?

24 A. Correct.

25 Q. Okay.

1 A. That's my understanding.

2 Q. What about the default rate with these
3 transactions involving PAC?

4 A. Right. I have no idea. I did not know what
5 their default rate was because I knew that they were
6 doing things correctly, and they also had a default
7 fund.

8 Q. How did you know they were doing things
9 correctly? Because they told you they were?

10 A. Correct.

11 Q. Okay.

12 A. And Upstate Law Group was handling --

13 Q. Did you do anything independently --

14 A. No.

15 Q. -- to determine that they were doing things
16 correctly?

17 A. No, sir. No, sir. I was satisfied that it was
18 factoring because they told me -- unlike Drew, they told
19 me, you know, what their entire process would be. Drew
20 was -- didn't tell me anything, other than you send in
21 the applicants and you get a referral fee. PAC and LFO
22 were very transparent. They told me their entire
23 process. Here's how we're going to underwrite and
24 we're -- we're writing correctly for the seller's
25 benefit. We're disclosing properly for the investor's

1 benefit and Upstate Law Group is handling the escrow.

2 So how could it be illegal?

3

4 FURTHER EXAMINATION

5 BY MR. WOERNER:

6 Q. So, Mark, I have a question.

7 Mr. Gamber and Mr. Sheets, the attorney, they
8 told you everything was okay.

9 Right?

10 A. Yes, sir.

11 Q. In terms of -- and that was with BAIC and
12 SoBell?

13 A. And Voyager.

14 Q. And Voyager. Okay.

15 You later learned, sometime in 2016, that
16 everything that they did wasn't okay.

17 Right?

18 A. No, sir. What I learned in 20- -- what I
19 learned in 2016 was that the reason Drew went out of
20 business was because he was not properly disclosing the
21 risk to investors.

22 Q. Okay.

23 A. Investors, basically, sued him into oblivion.

24 Q. Okay.

25 A. Okay? Because they did not know -- while these

1 pensions were guaranteed, I guess, the investors were
2 not clear that the seller could default.

3 Q. Okay. So follow me.

4 In 2016, you learned that even though they had
5 told you everything was fine, they were -- you learned,
6 in 2016, that they were sued out of business because
7 they weren't properly disclosing to investors.

8 Right?

9 A. Correct.

10 Q. So you, kind of, relied on them, but in 2016,
11 you learned that what they were telling you was, likely,
12 not correct or true.

13 Right?

14 A. No, because they did never -- they never talked
15 to me about the investors side, Bill. They -- like I
16 said -- and this was prior to you getting here. He was
17 very need-to-know. He didn't discuss any processes on
18 the investment side. He said -- the one time I brought
19 it up because of a "Forbes" article, he said, no, they
20 signed disclosures, they know the risks, and they signed
21 a hold harmless, okay? And so he said the investors
22 understood the risks, when I asked him on that one
23 occasion, and he said, yes, the investors understood the
24 risks.

25 After he went out of business, it was PAC that

1 said the reasons he went out of business is because he
2 wasn't properly disclosing the risks to the investors.
3 The first thing out of Michelle's mouth when she
4 approached me was saying, Mark, we're going to do things
5 differently; there's 11 pages of disclosures for the
6 investors now; they understand all the risks involved.

7 Q. Right. So, getting back to my point, if they
8 told you everything was fine -- Gamber and Sheets -- and
9 you learned in 2016, obviously, everything wasn't fine
10 if they were sued out of business.

11 A. Yes, sir.

12 Q. Where I'm going with this is, you're now working
13 for PAC. They're also telling you, hey, everything is
14 fine; we're improving things.

15 Didn't you think that maybe you were going to
16 get burned again? It would be another Gamber situation
17 where they tell you one thing, but what they're telling
18 you isn't, in fact, what's really happening?

19 A. I did not for the simple reason that my only
20 concern was on the seller side. I had nothing to do
21 with the investor side. So when they said they were
22 giving 11 pages of disclosures to the investors and
23 David Woodard, who was the guy that was bringing in the
24 investors, said the same thing, said, no, no, we have
25 complete transparency now, that was -- that was good

1 enough for me because Upstate Law Group was handling the
2 process.

3 And so, in my mind -- and it's probably naive.
4 Maybe it's naive, but I'm thinking, okay, if there's a
5 law firm doing it, then it must be completely legal.
6 Why would a law firm do something that was illegal?

7 MR. BURGESS: Let me ask you -- sorry, Toni.

8 MS. BROWN: No. Go ahead.

9 MR. BURGESS: Hold that thought.

10

11 FURTHER EXAMINATION

12 BY MR. BURGESS:

13 Q. So, did you ever talk to Mr. Sheets? You
14 said -- you said you only met Andrew Gamber was. It was
15 on a trip to Arkansas.

16 Did you ever -- on that trip, did you meet with
17 John Sheets, his attorney?

18 A. The honest answer is I believe I did, but I
19 wouldn't swear to it because I don't remember.

20 Q. Okay. You don't remember.

21 So you don't remember whether Mr. Sheets told
22 you that these transactions were legal?

23 A. I don't remember. No, sir. I just remember
24 Drew told me that every day.

25 Q. But you do -- thank you.

1 You do remember that Drew Gamber told you
2 repeatedly that these transactions were legal?

3 A. Correct.

4 Q. And one of the reasons is -- one of the reasons
5 that you believed Mr. Gamber is because you knew that he
6 was relying on Mr. Sheets's legal advice?

7 A. Yes. He had a legal team behind him.

8 Q. Okay.

9 A. He told me he had a legal team behind him. Yes,
10 sir.

11 Q. So, kind of, following up on Bill's line of
12 questioning, one of the reasons that you believed
13 Michelle Plant and Brad Chrusta- --

14 A. Chrustawka, uh-huh.

15 Q. -- Chrustawka and PAC is because there was a law
16 firm involved. There were other lawyers, not
17 Mr. Sheets, but Upstate Law Group.

18 Right?

19 A. Upstate Law Group -- John Sheets was just his
20 legal advisor for Drew. He wasn't -- he wasn't involved
21 in the process. Upstate Law Group was actually doing
22 the transaction. John Sheets was just Drew's legal team
23 is what he told me, legal team, had nothing to do with
24 the process. Upstate Law Group, as of 2013, was
25 handling the escrow. So, I mean, that put my mind at

1 ease, absolutely.

2 Q. All right. Well, Upstate Law Group was handling
3 the escrow in 2013 for BAIC.

4 Right?

5 A. Yes, sir.

6 Q. And Upstate Law Group was handling the
7 transactions in 2013 for SoBell.

8 Right?

9 A. Yes, sir.

10 Q. And the same is true for Upstate Law Group
11 handling transactions for BAIC and SoBell in 2014 and
12 2015.

13 Right?

14 A. Yes, sir.

15 Q. Until Mr. Gamber went out of business.

16 Right?

17 A. Yes, sir.

18 Q. So --

19 A. May I interject something on that?

20 Q. Go ahead.

21 A. Okay. It was -- you know, it was my
22 understanding that Upstate Law Group had nothing to do
23 with bringing in investors. That was done by David
24 Woodard and his company. David Woodard was a financial
25 consultant that he brought in investors from his life

1 insurance people. He had -- he had a -- I think he was
2 a GA, and so his life insurance people, any investors
3 that were interested, that's -- he brought them in. So
4 it was my understanding that Upstate Law Group was not
5 privy -- had nothing to do with bringing in the
6 investors that were buying these.

7 Q. Who was -- let's back up.

8 Mr. Woodard, who is David Woodard?

9 A. David Woodard is the guy that brought in the
10 investors. I can give you that information, if you'd
11 like.

12 Q. He brought in the investors in what time frame?

13 A. I think he was bringing in the investors all the
14 way back to 2012.

15 Q. Okay. So, is it your belief that Mr. Woodard
16 was bringing in investors from, say -- certainly by 2013
17 through, say, 2017?

18 A. Yes, sir.

19 Q. Okay. And he was bringing them in for BAIC?

20 A. Right. And this is -- I only found this out,
21 understand, in 2016, after the fact; that he was the guy
22 that did that because --

23 Q. And how did you find that out?

24 A. Because he was the guy that was bringing in the
25 investors for PAC. Again, they were very transparent.

1 Q. So the same guy who was bringing in investors
2 for BAIC and SoBell was also bringing in the investors
3 for PAC?

4 A. Correct.

5 Q. Okay. And BAIC and SoBell and Mr. Gamber ran
6 into legal difficulties with the state of Arkansas and
7 other states.

8 Right?

9 A. Right.

10 Q. Right. And PAC and his principles were the ones
11 who told you that.

12 Right?

13 A. Correct.

14 Q. And the same law firm that had been handling the
15 escrow for BAIC and SoBell, Upstate Law Group, was also
16 handling the escrow for PAC.

17 Right?

18 A. Correct.

19 Q. And so when the orders came down involving the
20 state of Arkansas and other states against BAIC and
21 SoBell and Mr. Gamber and his other company, VFG, those
22 also involved transactions that were handled by Upstate
23 Law Group.

24 Right?

25 A. I don't know if Upstate Law Group was involved

1 with VFG. I think they were -- I think they came in
2 with --

3 Q. But certainly with BAIC?

4 A. Yes.

5 Q. Which was the subject of a cease and desist
6 order.

7 Right?

8 A. I have no idea.

9 Q. Did you learn that later?

10 A. I don't even know -- I don't even know if they
11 had a cease and desist. I was never privy to that, sir.

12 Q. You were never privy to any cease and desist?

13 A. He said he changed the name of the company to
14 name it SBC, SoBell after his daughters, So and Bell, or
15 something. So he changed the name of his company. I
16 did not know that was because of a cease and desist.

17 MR. BURGESS: I'm sorry. Can you please read
18 back the question?

19 (Whereupon, the record was read by the court
20 reporter as follows:

21 QUESTION: You were never privy to any cease
22 and desist?)

23 BY MR. BURGESS:

24 Q. So you were never aware of any -- I'm sorry.

25 MR. BURGESS: Can you read my question again?

1 (The record was read by the court reporter
2 as follows:

3 QUESTION: You were never privy to any
4 cease and desist?)

5 MR. BURGESS: Thank you.

6 BY MR. BURGESS:

7 Q. Did you ever learn that BAIC and SoBell were the
8 subject of cease and desist orders by any states?

9 A. If I did, it was after the fact. I honestly
10 don't remember.

11 Q. After the fact of what?

12 A. After Drew had closed it down.

13 Q. Okay.

14 A. I don't, honestly, remember.

15 Q. So your testimony is you don't remember if BAIC
16 and SoBell were the subject of cease and desist orders?

17 A. I assumed they were because they were closed
18 down. I'm trying to answer as best if I can, Jamie.

19 Q. You're -- that wasn't the question. I didn't
20 ask you to assume anything.

21 A. If I say yes or no, then you're going to hold
22 that against me. So I'm trying to answer the best I
23 can.

24 Q. You said you assume. You're changing the
25 question. I didn't ask you if you assume something. I

1 asked you --

2 A. If I knew why -- that they were subject to cease
3 and desist orders.

4 Q. Right.

5 A. No.

6 Q. Okay. When did you learn or have you ever
7 learned that BAIC and SoBell were the subject of cease
8 and desist orders?

9 A. Anything I found out -- the answer is I don't --
10 I don't know. Anything I found out about SBC and BAIC
11 was after they closed down. So I assumed that they
12 were -- that they were closed down because -- that Drew
13 got sued into oblivion, okay? I assumed he went out of
14 business because he was getting sued. I was -- I was
15 not privy to the specifics of the SBC closure or the
16 BAIC disclosure, as far as -- as far as, you know,
17 lawsuits from the state. No.

18 Q. Okay. You were served with the Lyons lawsuit in
19 South Carolina.

20 Right?

21 A. Correct.

22 Q. And you were served with the McFerren lawsuit in
23 South Carolina?

24 A. Correct.

25 Q. And you were served -- you have seen our action

1 against PAC.

2 Correct?

3 A. Yes, sir.

4 Q. And you are a respondent in that?

5 A. Yes, sir.

6 Q. And you're also a respondent in our action
7 against BAIC and SoBell.

8 Correct?

9 A. Yes.

10 Q. And you're a defendant in the McFerren lawsuit
11 in South Carolina.

12 Correct?

13 A. Yes, sir.

14 Q. And you are a defendant in the Lyons lawsuit in
15 South Carolina.

16 Correct?

17 A. Yes.

18 Q. When you were served with -- let's start with
19 the Lyons lawsuit -- did you read it?

20 A. Absolutely.

21 Q. Okay. When you were served with the McFerren
22 lawsuit, did you read it?

23 A. Yes. Yes, absolutely.

24 Q. Okay. Were you concerned about the allegations
25 in those two lawsuits?

1 A. It took five years off my life.

2 Q. Okay. When you were -- when you received the
3 notice of opportunity for hearing in our case against
4 PAC, did you read it?

5 A. Of course.

6 Q. Were you concerned about the allegations we were
7 making?

8 A. Absolutely.

9 Q. And when you -- certainly were not -- when you
10 received our notice of opportunity for hearing in the
11 BAIC action that we filed, did you read that pleading,
12 as well?

13 A. I'm sure I did.

14 Q. Okay. Okay. So let's come back. Well, let's
15 see how we're doing. It's 1:00 o'clock.

16 MS. BROWN: Can I ask that one last follow-up
17 question.

18 MR. BURGESS: Yes.

19

20 EXAMINATION

21 BY MS. BROWN:

22 Q. Before we break for lunch, just while we're on
23 the issue, originally you said that Upstate Law Group
24 handled the escrow for BAIC and Gamber's companies going
25 back to the original -- when you first started in 2012?

1 A. No. I first started with them in 2011.

2 Q. '11. Okay.

3 A. And it was security title --

4 Q. Okay. Let me ask you the question.

5 A. Okay.

6 Q. You said that Upstate Law Group was handling the
7 screw for Mr. Gamber's companies back then. That's the
8 question.

9 A. Yeah, and I answered it very clearly. I think
10 Upstate Law Group got involved in 2013. That's my
11 best --

12 Q. 2013.

13 A. That's my best recollection.

14 Q. Okay. So Upstate Law Group was behind Gamber's
15 escrows for these pension streaming in 2013 on, and you
16 earlier had said many times that you believed everything
17 was aboveboard because it was handled by the law firm.
18 So you assumed everything was legal.

19 A. Correct.

20 Q. Correct?

21 A. Correct.

22 Q. Okay. So, then, you -- in 2015, Mr. Gamber
23 closes down --

24 A. Right.

25 Q. -- because he's being sued all over the place,

1 as you said many times, and then PAC and LFO jump in.
2 They're taking over. They tell you they're going to do
3 everything aboveboard. Everything is going to change
4 with disclosures, but yet they're using the same law
5 firm --

6 A. Right.

7 Q. -- Upstate Law Group that you said -- and you
8 said just recently you assumed everything was legal
9 because --

10 A. Right.

11 Q. So what changed? Why would you assume, both
12 that it was going to be legal with PAC, when you were
13 proven that it was not legal?

14 A. How -- I don't think -- I was never proven that
15 it was not legal with Upstate Law Group. As I said to
16 you guys, I know that he was -- that he had cease and
17 desist orders --

18 Q. No, not cease and desist orders. He was shut
19 down for the lawsuits because he was not disclosing
20 things.

21 A. Correct. That's my understanding. Yes.

22 Q. And you said that you assumed it was legal
23 because Upstate Law Group was behind it.

24 A. Right, but --

25 Q. So why would it be legal under PAC and why would

1 you believe that it would be legal when you were proved
2 that it wasn't the first time?

3 A. Because it was my understanding that Upstate Law
4 Group had nothing to do with the disclosures to
5 investors in Drew's organization; that that was all
6 Drew. It was my understanding that Upstate Law Group
7 was handling the escrow process, as I told Jamie. They
8 weren't bringing in the investors. So it was -- it was
9 my understanding that everything that Upstate Law Group
10 did was outside of the purview of the reasons that he
11 was being sued.

12 Q. So when you said Upstate Law Group was, quote,
13 running the company --

14 A. Right.

15 Q. -- was that a false statement?

16 A. No, no. Upstate Law Group was -- was -- handled
17 the process. They handled the escrow. They received
18 the payments from the seller. They sent the payments to
19 the investor. Upstate Law Group was -- their name was
20 on the sales documents. Upstate Law Group's name was on
21 the sales document. So not running -- running the
22 company would be a poor estimation. Upstate Law Group
23 was involved in the process, the execution of the
24 contracts, and so it never dawned on me, in a million
25 years, that a law firm would be doing something illegal.

1 I mean, that was the farthest thing from my mind.

2 MS. BROWN: Okay.

3 THE WITNESS: The reasons that I understood that
4 Drew went out of business was because he was not
5 properly disclosing to investors the risk, and I did not
6 understand Upstate Law Group to have any involvement in
7 that.

8 MS. BROWN: Okay.

9 THE WITNESS: Or I figured I would step out
10 before they got sued again.

11

12 FURTHER EXAMINATION

13 BY MR. BURGESS:

14 Q. But you understood that the -- when you were
15 doing it with Drew Gamber for BAIC and SoBell, you
16 understood the whole transaction was legal.

17 Right?

18 A. Yes. That was my understanding. Yes, sir.

19 Q. Then you came to find out that Drew got sued out
20 of business.

21 Right?

22 A. Yes.

23 Q. So maybe the whole transaction wasn't legal?

24 A. Well, it was -- again, I was told by PAC and LFO
25 and Brad and Michelle, people that I trusted, that Drew

1 was sued out of business because he was not correctly
2 disclosing risks to the investors. And they showed --
3 and they said we're going to have 11 pages of
4 disclosures; we're going to disclose risks. David
5 Woodard said, Mark, we're going to have 11 pages of
6 disclosures; it's going to be very clear what the risks
7 are.

8 Q. Do you know how many pages of disclosures BAIC
9 and SoBell had?

10 A. No, sir, because Drew never shared that with me.
11 That was outside of my purview. I was never -- I had no
12 idea how they did anything. All I -- all I did was
13 refer customers -- refer applicants to him.

14 Q. Did you ever ask to see those documents?

15 A. No, sir.

16 Q. Why not?

17 A. Because it was not anything that I was involved
18 in, sir.

19 Q. Well, this is a transaction you're getting paid
20 for -- you're getting paid in connection with the
21 closing of these sales.

22 Right?

23 A. I'm referring -- I'm referring -- I'm getting a
24 referral fee for referring the applicants, okay?
25 They're the ones that determined if they were eligible

1 and they're the ones that, you know, did the whole
2 process. So I just assumed that everything was -- you
3 know, I was told it was legal. There was a law firm
4 running the show.

5 Q. A law firm was running the show?

6 A. The same law firm handling the escrow.

7 MS. BROWN: You just said it again they were
8 running the show.

9 THE WITNESS: That's why I'm correcting myself.
10 There was a law firm handling the escrow, okay? There
11 was a law firm handling the escrow, handling the
12 process, and so that was -- that's why I relied on that
13 and that it was completely legal. And, again, to this
14 day, I haven't -- I mean, I haven't seen a decision that
15 it was -- that it's not factoring. And that's the
16 amazing thing to me. I mean -- and, to this day, Brad
17 Chrustawka, even when he was under these lawsuits, said,
18 Mark, it's not -- it's factoring; it's not an
19 assignment. The seller never loses control.

20 MS. BROWN: That's not the issue here. That's
21 not what we're asking you.

22 THE WITNESS: Right. I mean, and that was -- I
23 mean, so, when you're saying not legal, what are you
24 asking me then?

25 MS. BROWN: Obviously, the non-disclosures --

1 THE WITNESS: Right.

2 MS. BROWN: -- are part of that.

3 THE WITNESS: That was remedied in my -- it was
4 my understanding that that was remedied.

5 BY MR. BURGESS:

6 Q. But you did nothing to check that it actually
7 was remedied?

8 A. No, no. I just took their word for it.

9 Q. Okay. And Michelle Plant used to work for
10 Andrew Gamber?

11 A. Michelle -- yeah. Michelle had been with Drew
12 probably from close to the beginning. So was Kailey
13 Campbell.

14 Q. Right. And so -- and the same law firm, Upstate
15 Law Group, that was handling the escrow for Drew
16 Gamber's business was also handling the escrow for PAC's
17 business.

18 Right?

19 A. Correct.

20 Q. So the same law firm was handling these
21 transactions throughout?

22 A. Correct.

23 Q. And at least some of those transactions, you
24 found out, were probably unlawful because Drew got sued
25 out of business in connection with those transactions.

1 Right?

2 A. No. Incorrect. The only understanding that I
3 had of anything that was unlawful or incorrect was
4 Drew's disclosures to investors about the risks
5 involved.

6 Q. Right. And that was part of the -- that was
7 part of the transaction, though.

8 Right? Without the investors money --

9 A. Right.

10 Q. -- there was no transaction.

11 A. Right, but I found that out after Drew closed
12 down. So I did not know during the process. And then
13 PAC -- that was the first thing out of PAC's mouth. He
14 said, Mark, we're going to disclose it completely; we're
15 going to disclose it completely and, guess what, Upstate
16 Law Group is going to handle the escrow. So, to me, how
17 in the world could a law firm be involved in the process
18 if something is illegal? That doesn't register.

19 MS. BROWN: They were involved in the process
20 with BAIC, and it turned out to not be aboveboard.

21 So why would you think it would be different
22 with PAC?

23 THE WITNESS: Because they told me that they
24 remedied that. The one shortcoming was the disclosure
25 to the investors, and that had been remedied. That's

1 what they told me.

2 MR. WOERNER: Mark, I have a question in terms
3 of disclosures.

4 THE WITNESS: Sure.

5 MR. WOERNER: Just so I'm clear, you learned at
6 some point that the defaulted rate by the sellers was
7 very high?

8 THE WITNESS: Very high.

9 MR. WOERNER: When did you learn that?

10 THE WITNESS: After the fact, after Drew closed
11 down.

12 MR. WOERNER: Okay. Do you think that would be
13 an important fact that an investor would like to know
14 that the default rate is 80 to 90 percent by the
15 sellers?

16 THE WITNESS: Yeah. You know, I'm sure -- I'm
17 sure -- and I don't know the 80 to 90. I just threw
18 that number out there. I think it was -- it was high,
19 you know. It could have been 70. I'm just -- I just
20 threw that out there right now. It might have been less
21 than 80 or 90.

22 BY MR. BURGESS:

23 Q. What's the source of your information about the
24 default rate?

25 A. Michelle, Brad, PAC.

1 Q. People you trusted?

2 A. Correct. Correct.

3 Q. Okay. So you understood, from people that you
4 trusted, that the default rate --

5 A. Was quite high.

6 Q. -- amongst veterans was at least 70 percent?

7 A. And that they -- and that they were going to
8 implement a default fund with 66 cents of every dollar
9 of profit into this default fund to protect the
10 investors from future defaults.

11 MR. WOERNER: Okay. So do you know or did they
12 ever tell you that they -- part of these more robust
13 disclosures included that default rate by sellers so
14 that the investors --

15 THE WITNESS: It did not --

16 MR. WOERNER: -- could make an informed
17 decision?

18 THE WITNESS: I'm sorry. It did not come up in
19 the conversation, though, because I didn't know -- at
20 the time, I did not know that. It was very early on in
21 our conversations when they first reached out to me and
22 said, yeah, Drew went out of business because he didn't
23 properly disclose risks, okay? We're going to change
24 that. He didn't -- she didn't mention what the default
25 rate was at that point. That's something I learned over

1 the next year, probably, in conversations with them.

2 So that was not made clear, what the default
3 rate was prior. And so, at that point, I never even
4 thought to ask that question, if the default rate was in
5 the disclosure. It just didn't even --

6 MR. WOERNER: Do you think that should have been
7 included in any disclosures?

8 And I understand you're not a lawyer, but you're
9 involved in the whole process.

10 Would that be an important disclosure, in your
11 opinion?

12 THE WITNESS: I honestly -- I honestly -- I
13 think it would be an important disclosure, sure. I
14 think that would be an important disclosure, but they
15 told me that, going forward, they were going to have a
16 default fund to cover the investors. So not only were
17 they going to have the disclosures, but they were going
18 to have a default fund. And the use of that was that
19 they were going to guarantee the investor's principal,
20 not the interest that they were going to make, but they
21 would guarantee the investor's principal if somebody
22 faulted. That was how the default fund was explained to
23 me.

24 BY MR. BURGESS:

25 Q. When did they explain that to you?

1 A. And, by the way, that was the default fund -- I
2 think it was implemented during Drew's time. I think it
3 was implemented in '14 or '15, because PAC was working
4 with Drew in '15. PAC might have been working with Drew
5 in '14. So I think -- they were looking at a default
6 fund even during -- even during Drew's tenure because if
7 you don't have the investors, you don't have a business,
8 you know. So I think -- I think they were looking to
9 remedy that even during Drew's tenure, now that I think
10 of it, but I couldn't tell you the exact time that that
11 started.

12 Q. Well, how do you -- how do you know that during
13 Drew's tenure that they implemented a default fund?

14 A. That's my -- that's my recollection of
15 conversations, that they --

16 Q. Conversations with whom?

17 A. With PAC.

18 Q. At what point in time?

19 A. In 2016.

20 Q. 2016. Okay.

21 A. Yes.

22 Q. So by 2016, you knew that the default rate was
23 at least 70 percent?

24 A. Yeah. PAC told me that the default rate had
25 been high.

1 Q. And that was by at least 2016.

2 Right?

3 A. Yes. It was in 2016. Yes.

4 MR. BURGESS: Okay. Let's go off the record --
5 I'm sorry. Before we do, it is about 1:10 now.

6 How much time would you like for lunch?

7 THE WITNESS: I have no appetite, sir. I just
8 need to use the restroom. I'll keep going if you want.
9 I don't need any time for lunch.

10 MR. BURGESS: All right. Well, we appreciate
11 your fortitude here. We're probably going to need a
12 little bit of lunch.

13 THE WITNESS: Okay.

14 MR. BURGESS: Why don't we come back at 1:45.
15 That gives everybody about 35 minutes.

16 THE WITNESS: Okay.

17 (Whereupon, a recess was taken in the
18 proceedings.)

19 MR. BURGESS: We're back on the record after a
20 lunch break.

21 BY MR. BURGESS:

22 Q. Mr. Corbett, you mentioned in your earlier
23 testimony today that you stopped forwarding referrals of
24 veterans wanting to sell their pensions or disability
25 payments. You stopped forwarding them on after the CFPB

1 asked you to stop.

2 Right?

3 A. The moment they asked me to stop.

4 Q. Okay. Prior to that, who were you forwarding
5 the referrals to?

6 A. Well, forwarding is not -- before they asked me
7 to stop, I was -- I was -- people were requesting
8 quotes. I was sending them their quotes, and they would
9 call me. And if they wanted to apply, I would send it
10 into LFO.

11 Q. To LFO?

12 A. The applications would go to LFO, but the
13 minute -- the minute that these guys -- that CFPB said
14 we don't want you doing this -- actually, the minute you
15 guys -- I saw something from you guys, I stopped doing
16 Arizona. And I asked -- I asked LFO, hey, we can't do
17 business in Arizona. Did you see this? They're, like,
18 oh, no, no, we can still do business there. We're
19 still -- and I stopped sending in applicants from
20 Arizona the minute that I -- the minute I saw your
21 action.

22 Q. Was that August of 2018?

23 A. Whenever -- whenever you guys came out with it,
24 whenever it was that you guys did your thing. As soon
25 as I saw that, actually, I immediately stopped sending

1 in Arizona. As soon as these guys called me and said,
2 Mark, we're going to be sending you something; it's not
3 official yet, but we don't want you quoting veterans
4 anymore, I immediately -- that moment, I immediately
5 stopped sending in quotes.

6 Q. And you just described a conversation you had
7 with who? The CFPB?

8 A. Correct, with Ben Knopp.

9 Q. And you said earlier that LFO went out of
10 business?

11 A. Yeah. They just stopped. They closed the
12 doors.

13 Q. When did that happen?

14 A. I'm going to say January of 2015 -- I'm sorry.
15 I'm sorry. January of 2019.

16 Q. January of 2019?

17 A. Yes, sir.

18 Q. So just earlier this year?

19 A. Correct.

20 Q. And when did the CFPB ask you to stop referring
21 veterans?

22 A. I can give you the exact date if you want me to
23 look at my emails, but I can -- yeah. I'm going to say
24 it was probably in December.

25 Q. December of 2018?

1 A. 2018. Yes, sir.

2 Q. Okay. I don't need the exact date.

3 Are you pretty certain it was December?

4 A. I'd have to check. My memory is not the
5 greatest. Would you like me to check?

6 Q. How long will it take you to check?

7 A. I just have to open up my computer.

8 Q. Go ahead.

9 A. And get online.

10 Okay. My earliest conversation from Ben was
11 October 16 of 2018. Time flies.

12 Q. 2018?

13 A. October 16. Yes, sir.

14 Q. When did you -- you said that was your earliest
15 conversation with the attorney from the CFPB?

16 A. Correct.

17 Q. When did he, or anyone else at CFPB, ask you to
18 stop forwarding -- or working with veterans?

19 A. It was probably -- it's going to be a month or
20 two after that, because they had to go through their
21 processes and stuff, but it was probably maybe two or
22 three months later.

23 Q. October 2018. Okay.

24 I'm sorry. It was October 2018, you said?

25 A. Correct.

1 Q. Okay. So last October. Okay.

2 A. Yes.

3 Q. Okay. Got it.

4 And you were served with our loss -- or our
5 action, our notice of opportunity in at least the PAC
6 case, I want to say, just, roughly, August of 2018?

7 A. That sounds right.

8 Q. Okay. And you said that when you received our
9 first action or the first action from us that you
10 received, you stopped referring veterans from Arizona?

11 A. Absolutely. I called -- I immediately called
12 PAC, LFO and said, did you see this thing from Arizona?
13 They don't want -- they don't want you guys conducting
14 business in Arizona. And they said, oh, no, we can
15 still do business. That's not -- I don't know what they
16 said, but they just said we can still take applicants
17 from Arizona. And I said, well, that's fine, but I'm
18 not sending them in.

19 MR. WOERNER: Mark, specifically, who told you
20 that at PAC or LFO?

21 THE WITNESS: Michelle. Michelle.

22 BY MR. BURGESS:

23 Q. Michelle Plant?

24 A. Yeah. She's the -- she's the -- I think she's,
25 like, the chief. She runs the show at LFO and PAC.

1 That's my -- Mike Chrustawka is the decision-maker on
2 who gets approved, but I think -- I think Mike and
3 Michelle together are -- you know, are in charge.

4 Q. How did LFO and PAC work together? Do they work
5 together?

6 A. No. PAC became LFO. PAC started up and then,
7 because PAC had been working with Drew Gamber at SBC and
8 BAIC, they had that -- well, they told me that they
9 had -- they were tainted because of Drew's name. So
10 they changed -- they wanted to get -- be completely
11 removed from Drew, so they changed their name from PAC
12 to LFO. They dissolved PAC, or whatever. I don't know
13 all the -- exactly what they did, but they changed their
14 name from PAC to LFO because they wanted to disassociate
15 themselves from Drew Gamber. And Drew had a piece of
16 PAC, apparently, at the start.

17 Q. Okay. How do you know Drew had a piece of PAC?

18 A. They told me. They told me. PAC told me.

19 Q. And by -- do you mean that somebody told you --

20 A. He was involved. He was -- I'm sorry. He was
21 involved in the inception of PAC. That was my
22 understanding.

23 Q. Okay.

24 A. And because of that participation, PAC wanted to
25 disassociate themselves from Drew. So they changed

1 their name to Life Funding Options, LFO.

2 Q. Do you know if Mr. Gamber owned a percentage of
3 PAC?

4 A. I do not know. I do not know. I can only
5 speculate.

6 Q. Okay. When you were served with the Arizona
7 notice of opportunity in the PAC case by my agency, you
8 testified earlier that you read it.

9 Right?

10 A. Yes. Absolutely.

11 Q. Okay. And our action is concerned with
12 violations of the securities laws.

13 Right?

14 A. Right.

15 Q. Why did you stop referring veterans from
16 Arizona, working with veterans from Arizona?

17 A. No, just because, again, any government agency
18 says jump, I'm going to say how high. I've never
19 violated a law in my life. I didn't want to start. And
20 when I read your thing, to your credit, you got me
21 right. You got me as a vendor. You didn't have me
22 creating this thing. I mean, you talked about people
23 that I had never even heard of from 2009, 2010. You
24 talked about securities, which I don't even know what
25 that is. I don't even know what a securities is, but

1 you talked about violations in securities, which I
2 assumed had to be something -- I was just assuming it
3 had to do with the investors that were buying these
4 things.

5 Again, I'm just assuming that that's where you
6 guys were coming from, but to your credit, it wasn't
7 creative writing. I mean, the South Carolina thing,
8 they, pretty much, besmirched my name. 98 percent of it
9 was just fiction writing 101. It was just made up. You
10 guys, I was happy to see, had me listed as a vendor
11 correctly. So you guys, to your credit, had me, you
12 know -- you know, you had me with the right designation.
13 You didn't have me creating all this. So -- but I
14 immediately stopped sending in applicants from Arizona
15 as soon as I saw that.

16 Q. Okay. Were you concerned -- did you stop
17 sending applicants from other states?

18 A. No, not at all.

19 Q. Were you concerned that if you were,
20 potentially, violating Arizona's laws, you might be
21 violating other states' laws?

22 A. Well, I didn't consider myself violating
23 anything. I mean, the securities stuff, you named
24 people way prior to my involvement with Voyager. I had
25 no idea -- I had no idea what it was about, but I knew I

1 was not involved in any securities. I don't even know
2 what a securities is. All I did was -- I was a lead
3 generator for people that wanted to apply. So I didn't
4 know -- I didn't know from securities.

5 So I did not think I was violating anything
6 whatsoever. I saw this as, again, the reference to Drew
7 and all the stuff that he's going through, that he went
8 through, and I just saw this as another -- another, you
9 know --

10 Q. But we named you.

11 A. Yes, you named me.

12 Q. And we alleged -- and you said you read what we
13 sent you.

14 A. Yes.

15 Q. So you saw that we alleged that you had violated
16 our state's laws --

17 A. Right. Right.

18 Q. -- in some respect?

19 A. Yeah, you --

20 THE REPORTER: I'm sorry.

21 THE WITNESS: I'm sorry. Go ahead.

22 BY MR. BURGESS:

23 Q. You may disagree that you violated our state's
24 laws, but you, at least, saw that we had alleged that we
25 had violated -- that you had violated our state's laws.

1 Right?

2 A. You put me as not being a registered securities
3 agent, which is correct. I'm not a registered
4 securities agent. I don't even know what that is. I
5 think it's somebody who sells stocks and bonds or
6 something. I'm just -- I don't even know what that is.

7 Q. My question is, you saw that we alleged that you
8 violated at least some of our state's laws.

9 Right?

10 A. Yes.

11 Q. So is that the reason why you stopped working
12 with veterans from Arizona?

13 A. No, no. I stopped sending in applicants from
14 Arizona because it was obvious that Arizona was unhappy
15 with, you know, this process. So I immediately stopped
16 sending them in.

17 Q. Okay. Were you concerned that other states
18 might be unhappy with what you were doing?

19 A. Well, I mean, of course. There's always the
20 possibility of that, but until they tell us to stop -- I
21 mean, they were -- they weren't hiding. LFO was out
22 there. Upstate Law Group was out there. This was a
23 going concern. They were meeting with the SCC on a
24 regular basis.

25 Q. How do you know that they were meeting with the

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1 SCC?

2 A. Brad Chrustawka told me. Brad Chrustawka told
3 me. They were --

4 Q. Do you have any independent verification --

5 A. No.

6 Q. -- that --

7 A. I do not. I do not.

8 Q. Did you just take his word for it?

9 A. I just took his word for it. Yes, sir.

10 Q. Because you trust him?

11 A. Because I trusted the whole process, and I
12 respect the processes that they used. I think this is
13 heartbreaking for people that were using our program,
14 that it was such an advantageous program. It was really
15 heartbreaking for the veterans -- it was really
16 heartbreaking, to me, that the veterans could no longer
17 avail themselves of this service. That was really -- I
18 wasn't, you know, making a killing. I was just getting
19 a referral fee on each sale, I mean, but I just
20 believed -- I truly believed in what we were doing. I
21 thought it was a really good thing.

22 Q. Okay. How much money did you -- did you make?

23 A. I got \$1,400 per sale that closed, okay? \$1,400
24 per sale that closed. Sometimes I got a little less if
25 it was smaller, but 1,400 was normal.

1 Q. And, say, in 2013, how many sales closed?

2 A. Oh, in 2013, I wasn't making that. In 2013, I
3 was making a lot less with Drew, yeah. In 2013 -- I'm
4 going to guess because this was asked of me by the
5 attorney the other night. I'd have to --

6 Q. Which attorney?

7 A. The attorney for the South Carolina that I told
8 you I met with.

9 Q. Right. Okay.

10 A. I'm going to guess that it was probably about
11 100 sales a year.

12 Q. 100 sales a year?

13 A. Through me. He had other vendors, but through
14 me.

15 Q. In 2013?

16 A. Yeah. I'm going to guess it was about 100
17 sales. I could tell you exactly if I went through my
18 bank records because my bank records have every
19 commission that was paid that year. Okay? That's why I
20 could tell you exactly, but my best guess would be about
21 100 sales from me, not from him as a company, but just
22 from me. He had other vendors besides myself.

23 Q. Okay. What percentage of Mr. Gamber's business
24 did you originate?

25 A. No idea, sir. No idea. He did not share that

1 with me.

2 Q. So you don't know what percentage of, say,
3 BAIC's business originated from you?

4 A. I do not know. No, sir. He did not share that
5 information with me. He was on a need-to-know basis,
6 and he did not feel that I needed to know that.

7 Q. And so same question for SoBell.

8 You don't know what percentage --

9 A. Correct.

10 Q. -- of business -- what percentage of business
11 you generated for SoBell?

12 A. Correct. I do not know. I know that, by the
13 time SoBell came around, Jamie, most of the vendors had
14 quit because Drew stopped paying. He was paying such a
15 little amount towards the end, that the vendors that I
16 knew of had dropped off, but I did not know of all his
17 vendors. The ones that I knew of had stopped sending --
18 had stopped sending in applicants because he was paying
19 so little in the way of a referral fee.

20 Q. Switching topics, Candy Kern-Fuller, have you
21 ever spoken to her?

22 A. No.

23 Q. Have you ever spoken to anyone at Upstate Law
24 Group?

25 A. The guy I spoke to at Upstate Law Group, for
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1 administrative issues only, was a guy by the name of
2 Brian. And I can give you his last name, if you'd like
3 me to look it up.

4 Q. Sure.

5 A. Okay. Upstate Law Group. His email is
6 Brian@upstatelawgroup. Let me see if I can find
7 something with his information. I don't have his last
8 name here. It might be in one of my emails, but
9 Brian@upstatelawgroup was my contact there. And that
10 was, like, if somebody -- if somebody called me and they
11 wanted to reach Upstate Law Group, I would give them
12 their number or I'd refer them to Brian or I would say,
13 hey, Brian, such-and-such -- this seller needs you to
14 talk to him; they missed a payment, or whatever, and
15 they want to fix it.

16 And sometimes the sellers called me instead of
17 calling Upstate Law Group, but that was my only -- it
18 was only administrative things when they came up. Other
19 than Brian at Upstate Law Group, that was pretty much
20 it.

21 Q. Okay. So do you have any knowledge -- and I'm
22 not presuming you do. I'm just asking. I'm just trying
23 to find out.

24 Do you have any knowledge whether Candy
25 Kern-Fuller knew about the cease and desist orders by

1 Arkansas and other states against Andrew Gamber?

2 A. I do not know that. I do not know. I have no
3 knowledge of that.

4 Q. Okay. Do you have any knowledge of discussions
5 on any topic between Andrew Gamber and Candy
6 Kern-Fuller?

7 A. No, sir.

8 Q. So you don't have any knowledge of any
9 discussions -- you don't have any knowledge that Candy
10 Kern-Fuller or anyone at Upstate Law Group knew about
11 the cease and desist orders against Mr. Gamber?

12 A. I have no knowledge of that but, you know -- you
13 know, in the world that we live in, I can't imagine that
14 she wouldn't know, okay?

15 Q. Well, I didn't ask you what you imagined or
16 what --

17 A. No.

18 Q. -- anybody else --

19 A. No knowledge.

20 Q. I'm asking about your knowledge.

21 A. No knowledge.

22 Q. You have no knowledge?

23 A. Yes, sir.

24 MR. BURGESS: Bill, do you have any --

25 MR. WOERNER: Yeah.

1 FURTHER EXAMINATION

2 BY MR. WOERNER:

3 Q. I just wanted to -- Mark, when Jamie and I spoke
4 to you on the phone, we went down a certain area. And
5 we ran out of time, and I want to revisit that.

6 We were talking about Andrew Gamber becoming
7 aware of enforcement actions in other states and that he
8 would tell you, as a result of those actions, hey, stop
9 referring veterans from this state.

10 A. Yes.

11 Q. And you did. You complied with that. When
12 you -- when he told you a state had filed an action, you
13 stopped referring.

14 A. No. He didn't say a state had filed an action.
15 He told me that we can't -- our contracts are not
16 enforceable in this state or that state and so do not
17 send them in anymore. That's what he told me. He did
18 not tell me that there was an action filed.

19 Q. Okay. Are you sure? Because I have a
20 recollection of what we discussed.

21 A. Right.

22 Q. And you talked about enforcement actions and
23 those enforcement actions relating to securities laws,
24 and you said, the minute he told me to stop referring
25 from those states, I complied.

1 A. Of course, when he would tell us there was,
2 like, seven or eight states that they didn't want us
3 quoting in, okay? And I didn't -- and I was not told
4 that there was an administrative action against Drew
5 from those states. He did not tell me that. He just
6 told me, we cannot quote these states anymore because
7 they don't like what we do or whatever. I mean, he gave
8 me some reason, okay? And, again, this is all from
9 memory, okay, but he just -- he just said we can no
10 longer accept quote requests from New York. We can no
11 longer accept quote requests from New Mexico. We can no
12 longer do quote requests from Washington state.

13 Washington state sent me a thing saying we don't
14 want you quoting in Washington. I said that's fine
15 because we hadn't been quoting in Washington at all,
16 anyway. Drew had told us up front not to do Washington.
17 So when he told me where we could and could not quote,
18 we just stopped quoting there. We put the thing on the
19 website we cannot quote in the following states.

20 Q. Okay. And what, specifically, did he tell you
21 the reason was?

22 A. Honestly -- honestly, Bill -- honestly, I do not
23 remember what he told me, but I think it was that our
24 contracts were not -- there were people that had
25 defaulted and the state wasn't upholding our contracts

1 in those -- that's my remembrance. That's my
2 recollection is that the state wasn't honoring the
3 contracts, and so people were able to default in those
4 states. That was my understanding.

5 Q. Okay. Do you know how many of those states
6 there were and can you remember a few of them?

7 A. Yeah, absolutely. I think I can remember all of
8 them --

9 Q. Okay.

10 A. -- where we couldn't quote. We couldn't quote
11 Washington, Oregon, Idaho, New Mexico, Missouri,
12 Arkansas. New York was on and off. New York, we could,
13 then we couldn't, then we could again. Same thing with
14 Pennsylvania. We could and then we couldn't, then we
15 could again. And New Hampshire. I believe that was --
16 that was it. I believe those -- and Missouri. Did I
17 say Missouri? Yeah, yeah.

18 MS. BROWN: So nine states.

19 THE WITNESS: Yes, ma'am.

20 MS. BROWN: Okay. Now, what about Arizona? You
21 didn't list Arizona in there.

22 THE WITNESS: No, because that was post Drew.
23 That was just recently.

24 MS. BROWN: Okay. So that was later?

25 THE WITNESS: Yeah.

1 MS. BROWN: Okay.

2

3

FURTHER EXAMINATION

4 BY MR. BURGESS:

5 Q. So when you were working with Drew Gamber, there
6 were nine states that you couldn't quote for veterans in
7 those nine states?

8 A. Yes, whatever states I just said. Yeah.

9 Q. Yeah.

10 A. And I believe -- I'm trying to remember if any
11 of those were post Drew. I think Idaho was after Drew's
12 time. And I believe New Hampshire was after Drew's
13 time, but all the rest -- all the rest were during
14 Drew's time.

15 Q. And Drew said that those states, the ones that
16 were during his time, whatever they were -- Arkansas,
17 others -- Drew told you that those states didn't like,
18 quote, what we do?

19 A. They weren't honoring their -- they weren't
20 honoring his contracts.

21 Q. Did he -- answer the question.

22 A. Yes.

23 Q. Because I'm quoting your own testimony.

24 A. Right. Right.

25 Q. So I'm just trying to make sure it's right.

1 A. Right.

2 Q. Did he say, quote, they don't like what we do,
3 closed quote?

4 A. No. He said they don't honor our contracts.
5 That's what he told me.

6 Q. Okay. Did you have any further discussions with
7 him about that?

8 A. No.

9 Q. You didn't ask him why?

10 A. No. He just said they're not honoring our
11 contracts. Did I ask him why? I might have, in the
12 conversation. I don't remember. My recollection is not
13 that -- you know, I can't remember that far back in that
14 good of detail. I might have asked him why. It's
15 possible.

16 Q. Okay. Well, you said the state of Washington
17 sent you a letter.

18 A. Yes. They sent me a letter saying we can't --
19 you can't do this in Washington, and I responded.

20 Q. And that was directed to you?

21 A. Yes. It came right to me and I --

22 Q. Do you have a copy of that?

23 A. I might have something in my email. I don't
24 have a physical copy of it, but I might have something
25 in my email.

1 Q. Okay.

2 MR. WOERNER: Could you look for it and send it
3 to me, Mark? Not now but after we leave here?

4 THE WITNESS: Okay. Yeah.

5 MR. WOERNER: That would be great.

6 And then, I guess, a couple of these states, you
7 said, were post Drew --

8 THE WITNESS: Oh, by the way, let me interrupt
9 you for one second. Everything from Washington was by
10 mail. I don't even know if I ever emailed them. So I
11 may not have something. It might have just been by
12 email, okay? I'm sorry. Go ahead.

13 MR. WOERNER: Okay. For the states that were
14 post Drew, who would have told you -- or who did tell
15 you not to refer to those states?

16 THE WITNESS: PAC.

17 MR. WOERNER: And what did they say?

18 THE WITNESS: PAC.

19 MS. BROWN: PAC is a company.

20 THE WITNESS: Yeah.

21 MS. BROWN: Who told you at the company? Who
22 told you?

23 THE WITNESS: Oh, Michelle.

24 BY MR. BURGESS:

25 Q. Okay. What did she say?

1 A. She said we can't accept applications from these
2 states.

3 Q. Did she say why?

4 A. I'm trying to remember. I'm sure I asked her
5 why, and I'm pretty sure the answer was that they
6 weren't honoring our contracts.

7 Q. Okay. What did the state of Washington say in
8 its letter to you? I take it you read the letter that
9 the state of Washington sent you?

10 A. Oh, yeah, yeah. And I don't remember exactly
11 what they said. All I know is that we hadn't been -- we
12 hadn't been quoting in Washington.

13 Q. What was the gist of what the state of
14 Washington said in this letter?

15 A. We don't want people -- I don't think they
16 referred to military. They just said we don't want
17 people selling their pensions, or something. I mean, it
18 was something -- it was just something that are you
19 selling pensions in Washington? And I said no, we're
20 not. Please sign this, or whatever, that you're not
21 selling pensions in Washington. Again, we were just one
22 of many companies that were doing this at the time, and
23 so I told them, no, we're not -- we're not selling
24 pensions in Washington or we're not buying pensions in
25 Washington.

1 MR. WOERNER: And was that -- that was a true
2 statement --

3 THE WITNESS: Absolutely.

4 MR. WOERNER: -- at the time you made it?

5 THE WITNESS: Absolutely. No, because Drew had
6 told me, long before they ever sent me anything, don't
7 send any in Washington. Yes, sir. I think at the very
8 beginning, he was doing Washington, like the first year,
9 maybe. And then he said don't do Washington anymore,
10 and that was long before Washington sent me a thing.

11 BY MR. BURGESS:

12 Q. And so several -- I'm just trying to understand,
13 make sure I get this right.

14 So several states, maybe up to nine different
15 states, while you were working with Drew Gamber,
16 informed Mr. Gamber and at least one state inform you --
17 the state of Washington --

18 A. Right.

19 Q. -- that they would not enforce these contracts?

20 A. That's what Drew told me.

21 Q. And you didn't bother to ask why?

22 A. I don't remember what I did, and let me just
23 enter something for the record. Everything I'm doing is
24 from memory. It almost looks like you're looking to
25 find a lie in something that --

1 Q. We just want you to tell the truth.

2 A. I'm telling you the truth, as I recall it, sir,
3 okay? Do I know definitively? Did I say, Drew, why? I
4 honestly don't remember. I don't know. It was eight
5 years ago, and I can't remember what I had for
6 breakfast, okay? So if you're trying to catch me in a
7 lie or something, you know, I mean, I'm telling you
8 right now, I'm giving you my answers to the best of my
9 remembrance, okay? But at the end of the day, all I did
10 was send in the applicants that wanted to sell a future
11 payment from their income stream, which I understood was
12 completely legal. That was it. You're asking me things
13 that -- it seems from the questions that you're trying
14 to catch me in a lie or something, and I don't remember
15 the exact conversation. It was seven or eight years
16 ago.

17 Q. If you don't -- if you don't remember something,
18 just simply say I don't remember.

19 A. I'm trying to be -- I'm trying to be as helpful
20 as possible, but I will do that. If I don't remember
21 definitively, I will say I don't remember.

22 Q. So just to make a clear record, you knew, when
23 you were working with Mr. Gamber, that several states --
24 maybe up to nine states -- had informed him that those
25 states would not enforce these contracts; so don't quote

1 offers from veterans residing in those states.

2 Right?

3 A. No. I'm going to be -- I'm going to be more
4 definitive now. I'm going to tell you what he told me.
5 He said, Mark, don't quote in these states. And I said
6 okay. I might have asked him why. I don't recall, but
7 all I remember him telling me definitively is don't
8 quote in these states. He didn't tell me --

9 Q. Well, you just --

10 A. I believe he said something about contracts not
11 being enforceable. That's my recollection, but if you
12 want -- I'm getting now to the definitive. If you want
13 a definitive answer, the only thing I know definitively
14 is that he said stop quoting in this state, stop quoting
15 in this state. That's the only thing I know
16 definitively.

17 Q. You never asked him why?

18 A. I do not know.

19 Q. You don't recall asking him why?

20 A. Correct. It makes sense that I would have asked
21 him why, Jamie. It makes sense that I would asked him
22 why.

23 Q. That wasn't my question.

24 A. Okay.

25 Q. With respect to the state of Washington that

1 contacted you directly, wrote directly to Mark
2 Corbett --

3 A. Correct.

4 Q. -- what did that letter say?

5 A. I don't remember.

6 Q. What was the gist of that letter?

7 A. The gist of that letter was do not -- are you
8 selling pensions -- are you buying pensions in
9 Washington state? And I said, no, we are not buying
10 pensions in Washington state, and I signed that, which
11 was true. I sent it back.

12 Q. Did it concern you that Washington wanted
13 confirmation from you that you weren't doing any
14 business in their state?

15 A. It really did not concern me because, you know,
16 the way Drew explained it to me was that -- was that a
17 lot of states don't understand what we do. They've
18 never -- they've never investigated it and that's why
19 they're just -- they're erring on the side of caution
20 and saying we don't want you to operate in this state.
21 That was the gist.

22 Q. So seven, eight, nine states were all saying --

23 A. Right, and 43 were saying right on.

24 Q. Really? Did you ever get a letter from a
25 state --

1 A. No.

2 Q. -- saying we want you to do business here?

3 A. But it was allowed. It was allowed.

4 Q. So no state told you, right on; we like what
5 you're doing?

6 A. No, but you know what I'm saying.

7 Q. No, I don't know what you're saying,
8 Mr. Corbett?

9 A. Okay.

10 Q. I'm trying to get that clear.

11 A. Right.

12 Q. So no state told -- no state approved what you
13 were doing?

14 A. I have no idea.

15 Q. But several states disapproved of what you were
16 doing?

17 A. Several states disapproved of what Drew was
18 doing, and Drew said, Mark, we cannot accept quotes from
19 those states. Not what I was doing, what Drew was
20 doing.

21 Q. Well, Washington, apparently, didn't approve of
22 what you were doing.

23 A. No, they said that's your company; are you guys
24 selling pensions -- buying pensions in Washington state?
25 I said -- I said no. I answered for that -- I answered

1 for Drew's company. They had no idea what my company --
2 as far as they were concerned, maybe I was the guy
3 running the pensions, you know. It doesn't -- they
4 didn't specify that. They just said, please do not buy
5 pensions in Washington state. Are you doing that now?
6 And I said, no, we are not. I signed an affidavit
7 saying that, and they said, fine, good enough for us.

8 Q. Did it concern you that the state of Washington
9 said, please don't buy pensions in our state?

10 A. No, because we immediately stopped.

11 Q. Okay.

12 A. Remember, I had nothing to do with the purchase
13 of the pensions. All I was doing was sending in the
14 applicants. I figured that Upstate Law Group and Drew
15 Gamber and the company that was doing this were running
16 a legitimate organization and they knew what they were
17 doing. They said we just -- we're not going to do
18 Washington anymore; we're not going to do this state or
19 that state, but you can -- you're perfectly fine
20 continuing to send in any other states.

21

22 FURTHER EXAMINATION

23 BY MS. BROWN:

24 Q. So, Mark, on the issue with Washington, the
25 letter was addressed to your company.

1 A. No, to me, my company.

2 Q. No. I understand that, but in the letter -- you
3 just said the letter asked is your company selling or
4 buying pensions in our state.

5 Right?

6 A. Right. I don't remember.

7 Q. Okay. Well, you just said it.

8 A. I just said it. And going forward, I'm not
9 going to -- I'm only going to say what I know to be
10 fact. So they sent the letter and said, do you -- I
11 don't know if they said is your company, is you. I
12 honestly don't remember the verbiage in the letter.
13 Believe it or not, it's been five years, six years. Mea
14 culpa. I don't remember the verbiage in the letter.

15 Q. So you don't know if it was -- said your company
16 or if you personally were --

17 A. No, ma'am. I don't remember.

18 Q. Did you respond on behalf of the company?
19 Because you just said you did.

20 A. No. I responded. I said, I am not sending in
21 applicants for pensions.

22 Q. Okay. So you personally.

23 So did you have any knowledge if these other
24 vendors that you've referred to, that you said they had
25 other vendors, do you know if anyone else was soliciting

1 in Washington?

2 A. Definitively, I do not, but I assumed that if he
3 told me not to take applicants from Washington, I assume
4 he had told everybody else not to take applicants from
5 Washington.

6 MS. BROWN: Okay.

7 MR. WOERNER: When you got -- Mark, when you got
8 the letter from Washington, did you contact Drew and
9 say, why am I get this letter? What's going on in
10 Washington? Any discussions after receiving the letter?

11 THE WITNESS: No. I'm sure I -- I'm sure I told
12 Drew about the letter, but I figured we were okay
13 because we hadn't been doing Washington. So I'm sure I
14 shared the letter with Drew. And, again, I'd have to go
15 back to the date. This letter might have even been
16 during PAC's tenure. It might have been after Drew. I
17 can't recall. It might have been after Drew.

18 Why are you smirking?

19 BY MR. BURGESS:

20 Q. I'm laughing because you just keep changing your
21 testimony.

22 A. Because I -- because I don't remember. I don't
23 remember. Again, I'm doing all this on memory. So it
24 may have even been after Drew -- Washington state, the
25 letter. I have to go back and look. It may have been

1 more recent than Drew's tenure. It might have been
2 during PAC's tenure.

3 Q. Mr. Corbett, does your memory always change from
4 minute to minute?

5 I'm just wondering if you have some kind of a --
6 some kind of a medical issue that we should know about.

7 A. No. It's called being 65. And my memory is not
8 crystal clear here on everything, but I'm being
9 completely 100 percent honest. And, again, you can put
10 me on a polygraph, sir, anytime you want. I'm amazed at
11 everything I do remember, to be honest with you.

12 Q. Have you ever seen any of the cease and desist
13 orders that were entered against Mr. Gamber or any of
14 his companies?

15 A. Have I ever seen one? I don't think so, but I
16 cannot recall definitively. I may have Googled Arkansas
17 after the fact, after Drew closed down. I may have
18 Googled Arkansas's thing. I seem to remember seeing the
19 Arkansas one at one point, but I cannot say
20 definitively.

21 Q. So you might have seen the Arkansas cease and
22 desist order in 2015.

23 Right?

24 A. After Drew had closed down, yes.

25 Q. And if you had seen it, you would have read it.

1 Right?

2 A. Well, it wasn't -- I mean, if it was 60 pages,
3 no, sir. If it was -- if it was just two pages, then
4 probably so. And even if I had seen it prior to that,
5 okay, if Drew gave me a -- if I saw it prior to that,
6 then I would have asked Drew. And Drew would have gave
7 me a clear explanation and then it would have been
8 business as usual after that because that was just
9 Arkansas saying they didn't -- they didn't like it.

10 Q. So you would have taken Drew Gamber's word over
11 the state of Arkansas's word?

12 A. No. They -- we weren't -- we immediately
13 stopped quoting in Arkansas. We didn't take anybody.
14 We immediately stopped quoting in Arkansas. I wasn't
15 taking anybody's word on anything, just like I didn't
16 take it on Arizona when you guys came out with yours.
17 As soon as I was aware of this, you know, if he hadn't
18 already stopped, I would have stopped sending in
19 Arkansas, as soon as I became aware of it.

20 Q. Well, I'll tell you what's really troubling to
21 me, Mr. Corbett, is you've absolutely admitted today
22 that you read our action in August of 2018, when you got
23 it.

24 A. Yes. I looked at it. Yes, sir.

25 Q. And there's no question about that?

1 A. Right.

2 Q. And our action makes crystal clear -- it quotes
3 the federal statutes. It quotes the federal courts that
4 all say it is unlawful for veterans to assign their
5 future disability or retirement payments.

6 A. Correct.

7 Q. And yet --

8 A. I knew that.

9 Q. -- what's really troubling to me is you
10 continued -- you read that.

11 A. Yes.

12 Q. You understood that.

13 A. Yes.

14 Q. And you continued -- it wasn't a state issue.
15 It was a federal issue, and you kept referring -- taking
16 quotes from veterans in states other than Arizona.

17 A. Yes, because I was told it was not an
18 assignment. We weren't assigning. You guys didn't
19 find --

20 Q. Who?

21 A. -- that they were assigning. This is what Brad,
22 Michelle, LFO and PAC told me. This wasn't an
23 assignment; they had it wrong. You guys had it wrong.
24 It wasn't an assignment. It was factoring.

25 Q. So if you were wrong it's their fault because

1 they told you the wrong information?

2 A. I don't know. I still -- to this day, I haven't
3 seen where it's been determined that it was an
4 assignment, honestly. I mean, that's my honest answer.

5 Q. Well, you've never asked an independent attorney
6 for advice on this.

7 A. I can't afford an attorney, sir. I can barely
8 afford my rent.

9 Q. That's really -- you know, there's no reason
10 that veterans and investors should have been victimized
11 because you can't bother to go see an attorney.

12 A. If you talk to 99 percent of the veterans that
13 we did business with, they weren't victimized. They
14 were -- they felt completely wonderful about our
15 service. They felt completely wonderful about our
16 service. I'm talking about when -- with PAC and LFO.
17 With Drew, I wasn't privy to what was going on, but with
18 PAC and LFO, they praised -- I mean, I'm still getting
19 quote requests six months later. I don't even have a
20 website up there, and they're still finding me. So I
21 think what we were doing for the veterans and for all
22 the pension -- the applicants was a tremendous service.

23 Q. Let's go back to how much money you made.

24 A. Okay.

25 Q. In 2013, how much money did you make referring

1 veterans to BAIC and SoBell?

2 A. I have to check my -- I have to check my bank
3 statement, my tax returns, but I'm going to say it was
4 probably, gross, about 140.

5 Q. Okay. In 2013?

6 A. Yes, sir, gross.

7 Q. What about in 2012?

8 A. In 2012, it was -- in 2012, it was 265. And
9 then 2011, it was 285.

10 Q. Okay.

11 A. And then, like I said, in 2012 -- and I
12 understood that the drop in commissions was because,
13 Number 1, we were doing less. There was no investors
14 buying the paper. So we were doing less sales, but I
15 understood that he was making good on the defaults with
16 the investors. That's why he said we're less profitable
17 now because we're making good on the cases that have
18 defaulted. So we're less profitable.

19 So he always said he was going to pay me 10
20 percent of his profits, but there was never anything in
21 writing on that. There was never -- no documentation on
22 what I was going to make per sale, but he said -- you
23 know, I mean, he said these cases aren't profitable now.
24 And I just assumed -- I didn't know for sure, but I
25 assumed it's because he was honoring the -- you know,

1 defaults that had occurred. But commissions dropped out
2 dramatically in 2013. So in 2012, I made, like,
3 285,000. In 2011, it was, like, 265,000, which is
4 basically what I was making in the insurance business.

5 MR. WOERNER: Now, Mr. Corbett, just to correct
6 you, I think you just flipped those numbers. I think
7 you said earlier 2011 was 285.

8 THE WITNESS: Correct.

9 MR. WOERNER: And 2012 was 265.

10 THE WITNESS: Correct.

11 MR. WOERNER: Okay.

12 THE WITNESS: Correct. Thank you for the
13 clarification.

14 MR. BURGESS: Bill, it's 2:30, if you need to --

15 MR. WOERNER: Yeah. I would like to stay. I've
16 got another appointment I have to run to.

17 THE WITNESS: I'd like you to stay, too, Bill.

18 (Whereupon, Mr. Woerner exited the proceedings.)

19 BY MR. BURGESS:

20 Q. And then in 2013, you said you had made how
21 much?

22 A. It dropped down to probably 140,000 gross, one,
23 four, zero.

24 Q. Okay. So that's just about half -- a little bit
25 more than half of what you had made in 20 -- in 2012?

1 A. Correct.

2 Q. And you understood that the reason for the
3 decrease in what you were making is because you thought
4 Drew was honoring or putting aside funds for the
5 defaults?

6 A. My -- no. My first -- my first reasoning was
7 that he was paying -- we were writing fewer cases. We
8 didn't have a lot of investors. There weren't
9 investors. We had sellers waiting three to six months
10 to be placed. So there were not a lot of investors. So
11 it was fewer cases in 2013, and then -- but the cases
12 that I did get paid on was dramatically less per case.
13 And it was because he said these cases were less
14 profitable and, when he said they were less profitable,
15 I just assumed that he was making less money on these
16 sales. So he was paying me less money.

17 Q. How was -- how much in 2011, 2012, 2013 -- were
18 you getting a percentage or was it a profitability?

19 A. I don't know how he was -- he just paid me an
20 amount based on the size of the case. It wasn't a
21 percentage. He said he couldn't share his profitability
22 numbers with me, but he said he was trying to pay all
23 his vendors 10 percent of his profitability. That's
24 what he told us. There was no contract. There was no
25 definitive calculation. He just paid a commission.

1 Sometimes -- you know, it just depended on the size of
2 the case. If it was someone selling 2,000 a month for
3 five years, it was probably a better commission than
4 someone selling the 800 a month for five years. So it
5 was just based on the size of the case. When I got to
6 PAC and LFO, it was a flat amount every month.

7 Q. And that flat amount is \$1,400?

8 A. 1,400, yes, sir.

9 Q. Okay.

10 A. 600 to the -- 600 went to the -- 600 -- it was a
11 total of 2,000. 600 went to the vendors, the owners of
12 the websites, and 1,400 went to me.

13 Q. So a total of 2,000. Okay.

14 A. A total of 2,000. Yes.

15 Q. Do you have a written agreement with PAC and LFO
16 to that effect?

17 A. I -- oh, I don't know. I'd have to check. I
18 don't -- I don't know. I don't think I do. I don't
19 think I have a financial written agreement, but I can
20 definitely check, if you'd like me to check right now.

21 Q. Not right now.

22 A. Okay. I don't think I have -- my contract with
23 PAC was a non-disclosures. It was just -- you know, it
24 was, like, an insurance commission contract. I was a
25 vendor. I was one of their vendors. I don't remember

1 seeing anything about the amount of what they were
2 paying me. They paid me \$1,400. 600 went to the -- and
3 600 went to the vendors -- I mean, the owners of the
4 website. 1,400 went to me, and sometimes it was a
5 little less, a little smaller. And they said we're not
6 going to -- we're going to lose money on this unless we
7 cut your commission.

8 And I said fine. You can, you know, do whatever
9 you have to do. That's fine. And so sometimes it was
10 less.

11 Q. What was the rationale for paying you 1,400 and
12 the actual owners of the website, which is where leads
13 come in to, 600?

14 A. Right. Because I was -- I was the one sending
15 out -- all the owners of the website did was maintain
16 their website. You know, the quote would come directly
17 to me. I would send them their quote. I would talk to
18 them when they -- if they wanted to proceed, I would
19 talk to them and, kind of, vetted them to make sure they
20 were doing this for the right reasons.

21 Q. You said you vetted them?

22 A. I talked to them. I talked to them and said --
23 and I told them only do this if it's going to save you
24 money. PAC will not even allow you to proceed if it's
25 not clear that this is going to benefit you financially.

1 So I did a little field underwriting before I sent them
2 in.

3 Q. Okay. A little field underwriting?

4 A. Yeah. I just gave them my advice. I gave them
5 my advice before I sent them in. Let's not call it
6 "field underwriting." Let's just call it I gave them my
7 two cents worth if I sent them in. I went out of my way
8 to make sure that they were doing this for the right
9 reasons and that this was going to be financially
10 beneficial to them or I discouraged them in the most
11 vehement way possible to apply -- from applying. And,
12 again, that's reflected in all the testimonials that all
13 said, yeah, you know, Mark said only do this if it's
14 going to benefit me. It's in all the testimonials.

15 Q. Okay. You testified -- I asked you earlier and
16 you answered, but I want to go back over it because I
17 think it was unclear.

18 MR. BURGESS: All right. Let record reflect
19 that the lights went out again and now they're back on.
20 BY MR. BURGESS:

21 Q. So I asked you earlier, and I'm trying to get a
22 cleaner record on this issue. I asked you earlier did
23 veterans ever ask you if these transactions were legal,
24 and you said they did ask you that.

25 A. Yes.

1 Q. And I asked how did you respond to that?

2 A. Yes.

3 Q. And so let's go over that again.

4 When the veterans asked you, is this legal, how
5 did you respond? What did you say?

6 A. What I told them -- here's what I said. I said,
7 it is legal. You're not assigning your pension. You
8 never lose control of where your pension is going. So
9 it's not considered an assignment. It's called
10 factoring. You're selling a future monthly payment for
11 a lump sum of cash today. That's what I was -- that's
12 how it was explained to me, and that's how I explained
13 it to them.

14 Q. Okay. With respect to the payments from the --
15 for veterans receiving payments from the veterans
16 administration, you testified earlier that the whole
17 monthly amount was sent -- after the transaction is
18 closed, the veterans arranged for the Veterans
19 Administration to send their entire monthly amount to
20 the account for Upstate Law Group.

21 Right?

22 A. That was with Drew, yes, with Drew's
23 organization. With PAC and LFO, they changed it so that
24 they were debiting the checking account.

25 Q. And with respect to when it was Drew's

1 organization, when it was BAIC and SoBell's investments,
2 Andrew Gamber's companies --

3 A. Yes, sir.

4 Q. -- and the veterans were having the VA send
5 their payments -- their entire monthly payment, whatever
6 it was, say, \$1,500, to keep with the same example that
7 we used earlier --

8 A. Yes, sir.

9 Q. -- \$1,500 would be sent from the VA to Upstate
10 Law Group's account.

11 Right?

12 A. They -- I am not sure of the mechanics, but they
13 sent -- Upstate Law Group gave them a bank account -- I
14 think it was SunTrust -- to send -- to send their
15 pension to, okay? And then -- and then Upstate Law
16 Group would somehow receive their pension, and they
17 would chop it up. They'd send the piece that's going to
18 the investor, to the investor, and they'd send the rest,
19 you know, in two or three days, very quickly, to the
20 seller, the piece that they weren't selling.

21 Q. Okay. And so if the money -- if the veteran's
22 entire monthly payment was going to an account
23 controlled by Upstate Law Group at SunTrust Bank --
24 well, let me ask you.

25 Is it your understanding that the account at

1 SunTrust Bank was controlled by Upstate Law Group?

2 A. No idea.

3 Q. Okay.

4 A. No idea.

5 Q. So you don't know?

6 A. No, I don't know.

7 MS. BROWN: Who had access -- did the veterans
8 sending their check have access to that bank account?

9 THE WITNESS: No idea. It was my understanding
10 that they could change where their pension went, okay?
11 If they directed it to one bank account, the following
12 month they could change it to another bank account.
13 They never lost control of where their pension went.
14 That's what --

15 BY MR. BURGESS:

16 Q. But under these contracts, what would happen if
17 a veteran did that?

18 A. No idea. No idea.

19 Q. No idea?

20 A. No idea, sir. That's out of my purview. I had
21 nothing to do with that side of the business.

22 Q. Would your answer still be that they retained
23 entire control because they could change where they --
24 they arranged for the VA to send their money if you knew
25 that they were hit with all kinds of threats of

1 liquidated damages and even criminal prosecution?

2 A. I know nothing about that, nothing.

3 Q. Would it change your answer if you knew that?

4 A. Oh, of course.

5 Q. So if the contracts that the veterans signed,
6 which you claim to know nothing about, impose --
7 purported to impose all kinds of penalties on veterans
8 if they directed their money away from the Upstate bank
9 account, that would change your answer as to whether the
10 veterans actually controlled the payments?

11 A. No. No, that wouldn't change my answer because
12 at the end of the day, they're controlling where their
13 money is going. Would they be held in default? Would
14 they have damages to pay and all that? Would Upstate
15 Law Group pursue them aggressively? Of course. I'm
16 sure they would. Again, I don't know definitively, but
17 I assume that they would. But they -- they would always
18 control where their pension went. If they stopped
19 sending it to SunTrust Bank, if they started sending it
20 to themselves and they stopped making their payments, of
21 course, Upstate Law Group would pursue legal action.

22 I heard times that they stopped -- they
23 started -- they stopped sending it to Upstate Law Group
24 and they were receiving their payment, but they -- they
25 were receiving their full pension, but they were still

1 making the payments to Upstate Law Group or Upstate Law
2 Group agreed to accept it. Upstate Law Group agreed to
3 accept it, the payment from their checking account. I
4 remember hearing about that happening once or twice, but
5 at the end of the day, they never lost control of where
6 their pension went. That's my understanding. And,
7 again, this is just from -- you know, from PAC and LFO
8 and Drew.

9 Q. Did you ever tell veterans that federal law
10 prohibits the sale or assignment of their payments from
11 the VA or from their military retirement pay?

12 A. No. I never -- I never told veterans because we
13 weren't assigning.

14 Q. In fact, you represented that these transactions
15 were legal to the veterans.

16 Right?

17 A. I told them exactly what I was told; that it was
18 not -- it was not an assignment; that it was --

19 Q. Are you a lawyer?

20 A. No.

21 Q. So how did you -- how did you satisfy yourself
22 that these --

23 A. I was a customer. I was a customer, and this
24 was a process that was benefitting many, many people.

25 Q. How did you satisfy yourself that these

1 transactions were not assignments?

2 A. Because -- again, because PAC told me they
3 weren't. LFO told me they weren't, and Upstate Law
4 Group was handling the process. I could not fathom, in
5 my widest imagination, that a law firm would be doing
6 something illegal.

7 Q. I'm confused. Sometimes it sounds like you're
8 saying Upstate Law Group -- and I'll just use your
9 words -- was running everything, running the show.
10 You've used that terminology today several times.

11 Okay?

12 A. I corrected myself.

13 Q. And then other times it sounds like they had a
14 very narrow thing. So now we're back to -- your answer
15 just said I couldn't imagine -- I thought this was all
16 on the up and up because I couldn't imagine a law firm
17 would be involved in anything that was not totally
18 legal.

19 Right?

20 A. That is 100 percent accurate.

21 Q. And, yet, you knew that Mr. Gamber got sued into
22 oblivion, to use your language again, and you knew
23 Upstate Law Group was involved with those transactions.

24 A. No, I did not. I did not know that. It was my
25 understanding that Upstate Law Group --

1 Q. Your testimony today on the record is quite
2 clear that you knew that Upstate Law Group was involved
3 with BAIC and the SoBell transactions.

4 A. And it's also my testimony that I knew -- that I
5 understood that they had no involvement with the --
6 dealing with the investors and the disclosures to the
7 investors. My understanding was that Upstate Law Group
8 had nothing to do with how the investors were disclosed.

9 Q. And because you never bothered to read the
10 consent orders or the cease and desist orders,
11 supposedly?

12 A. Hindsight 20/20, sir, I mean, if I knew what I
13 know now, I would have been looking at everything with a
14 fine-tooth comb, but back then, everything was
15 copacetic. Everything was being done correctly.
16 Upstate Law Group -- Upstate law firm was handling the
17 escrow. Drew, Brad and Michelle said this was
18 completely legal. It was -- it was factoring. Upstate
19 Law Group was handling part of the process. So I had no
20 reason to be looking at those other things. Those other
21 things, they explained to me, were incorrect.

22 Q. Well --

23 A. They were -- they were misconstruing what we
24 were doing.

25 Q. We disagree that you had no reason to suspect

1 anything was wrong.

2 A. Fair enough. Fair enough.

3 Q. In 2014, how much money did you make off of
4 these transactions, these referrals of veterans?

5 A. Right. It probably would have been something a
6 little less. Maybe gross -- maybe around the same.
7 Maybe 140 to -- 120 to 140, probably around the same.

8 MS. BROWN: And just to be clear, for the
9 record, when you say 120, 140, you mean 140,000.

10 Correct?

11 THE WITNESS: I have my tax runs.

12 MS. BROWN: No, I'm just -- because you just
13 said 120. There's a difference between \$120 and
14 \$120,000.

15 THE WITNESS: No, no. It's thousands.

16 MS. BROWN: Okay.

17 THE WITNESS: I have my tax returns right here.
18 I can look at them, if you'd like.

19 MR. BURGESS: Sure.

20 MS. BROWN: Okay.

21 THE WITNESS: I'll be happy to. Let's see.

22 MR. BURGESS: It's not every day somebody offers
23 to do that.

24 THE WITNESS: Let me find this right here. Hang
25 on. I have it saved. Do a compose, do my saved. I

1 would have sent them to -- Jim Matthews. Jim
2 Matthews -- oh, sent. That's right, sent. Jim
3 Matthews. There we go. All right. Oh, here we go.
4 Here we go. Okay.

5 BY MR. BURGESS:

6 Q. I thought you had them right here.

7 A. In 2013, I made 76,505. It's even less than I
8 thought. 76,505.

9 MS. BROWN: In 2013?

10 THE WITNESS: Yes. Like I said, my memory is
11 not the way it should be.

12 BY MR. BURGESS:

13 Q. How much did you make in --

14 A. I think I'm close to them now. I should be able
15 to get you the other years. You want me to give the
16 other years? I'm close to them. I mean, that's 2013.
17 So I should -- the rest shouldn't be far away.

18 Q. And just for the record, while you're looking
19 them up, I'm just going to make a record that you're on
20 your laptop and purportedly looking at your income tax
21 returns for certain years.

22 A. Yes, sir.

23 Okay. There's 2014. Okay. 93,855 in 2014.
24 93,855.

25 Q. And in 2015?

1 A. Yes, sir. I also got that right here. 81,317.

2 Q. And in 2016, how much did you make from --

3 A. PAC. I was with PAC in 2016. So let me give
4 you that. 2016, 149,294. 149,294.

5 Q. And --

6 A. These are all gross numbers.

7 Q. Okay. And that's the 149,249, you said?

8 A. 149,294.

9 Q. 249?

10 A. Yes, sir.

11 Q. That's income from the sale of referrals of
12 veterans who wanted to sell their income stream.

13 Right?

14 A. Incorrect. It came from referrals from all
15 pension sellers, not just veterans.

16 Q. All pension sellers.

17 A. Yes, yes.

18 Q. Okay. Is there a way to -- I don't suppose
19 there's a way to sort out --

20 A. No, sir, there's not.

21 Q. -- all pension sellers versus the ones who are
22 veterans?

23 A. No, sir, no way to do that.

24 Q. Okay. What percentage of your business in 2016
25 was veterans versus other pension people?

1 A. I would say probably -- again, this would be a
2 guess. I would say it was probably -- maybe 75 percent,
3 if I remember, that were military, DFAS and VA.

4 Q. Got it.

5 Is that number true probably for 2015, as well?

6 A. Yeah. I would say that's probably pretty
7 accurate across the board. Yes, sir.

8 Q. Okay. And in 2017, what was your income from
9 transactions related to sale of income streams, whether
10 from the military personnel or from anybody else?

11 A. Right. 2017 -- let's see. Let me go to my
12 tax -- can I use the restroom real quick? I've got to
13 use the restroom.

14 MR. BURGESS: Yeah. Let's go off the record.

15 THE WITNESS: All right. Thank you.

16 (Whereupon, a recess was taken in the
17 proceedings.)

18 MR. BURGESS: We can go on the record.

19 MS. BROWN: Mr. Corbett, you had mentioned a few
20 times that you had documents stored on your computer
21 that you were willing to share with us?

22 THE WITNESS: Like -- I mean, like what?

23 MS. BROWN: Well, you showed us, you know, a
24 couple --

25 THE WITNESS: The taxes, yeah.

1 MS. BROWN: I was wondering, would you mind
2 downloading them on to a thumb drive for us or --

3 THE WITNESS: Well, I mean, I don't -- I mean,
4 let me -- before we talk about that, can I -- I want to
5 clarify the tax return numbers. Can I answer that
6 before --

7 MR. BURGESS: Sure.

8 MS. BROWN: Okay.

9 THE WITNESS: Thank you. Because I will forget.

10 MS. BROWN: Okay.

11 THE WITNESS: 2016 and 2017, the gross that I'm
12 giving you includes the full 2,000 from PAC because I
13 was -- I had to send the 600 to the web owners, and I
14 had to 1099 them. So that first number I gave you for
15 2016 was the full of 2,000, okay?

16 BY MR. BURGESS:

17 Q. The \$149,000?

18 A. Yes. That was the full 2,000 before I --
19 because I 1099'd the vendors, okay, for their piece.
20 The full 2,000 before I 1099'd the vendors in '17 was
21 174,705 -- no, 105. 174,105, and that's before I 1099'd
22 the vendors for their 600 per sale.

23 Q. Okay. And do you think in 2017, the percentage
24 of your business from veterans, as opposed to all people
25 with pensions or income streams was about 75 percent?

1 A. Yes, sir. Yes, sir. I think that's fair.

2 Q. And then one last one, 2018.

3 Have you done your taxes yet?

4 A. I haven't got them yet. I haven't done those
5 yet.

6 Q. So you don't have the numbers for 2018?

7 A. No, sir.

8 Q. Okay.

9 A. So to answer your questions, I mean -- and the
10 reason I take a pause is because the people from South
11 Carolina, they wanted all of the quotes we've ever done
12 for all the people we've ever done, you know. And I
13 just have for the last two years because this computer
14 is, like, two years old, you know. We never had a
15 lawsuit. I didn't -- I didn't save anything. I don't
16 have -- you know, these are all the emails, but I don't
17 want to give you all the quotes we've done because I
18 think that would be an invasion of their privacy. I
19 don't want to give you, you know, all the quotes, all
20 the applicants that we've had over the years. You know
21 what I'm saying? I wouldn't want to give you that.

22 MS. BROWN: Well, I'm just saying that you said
23 you had stuff that you would share with us.

24 THE WITNESS: Yeah. Like, what I sent to you
25 earlier. I'll be happy to share the returns with you.

1 I mean, that's not a problem. What else did I give to
2 the South Carolina people? A financial statement that I
3 did.

4 BY MR. BURGESS:

5 Q. Is that the one that you gave to the CFPB?

6 A. Yes, sir. Yes, sir. And I'll be happy to share
7 that with you guys, no problem, but that's what I was
8 talking about, yeah. I mean, you know, it's -- when I
9 was at my last -- when I was at the meeting a week ago
10 that I talked about, they said to me, can we have the
11 documents that your attorney -- remember I had an
12 attorney for a short period of time?

13 Q. Uh-huh.

14 A. -- had that were not covered by client-attorney
15 privilege. And I said, well, I think everything I sent
16 them was covered, yes, but if he did some researching,
17 any found information, can we have those documents? And
18 I told them the same thing; that, you know, in all
19 fairness, I would tell you that. And that is that, you
20 know, you understand my role as I'm explaining it to
21 you, okay? And so if you guys -- if giving you
22 information is going to help, I mean, but -- I mean, it
23 seems -- I mean, you guys are -- honestly, you guys are
24 fairly adversarial, yeah, more so -- more so than the
25 civil suite people, more so than the CFPB was.

1 It's almost like you're trying to catch me in
2 recollecting things and then you're going to say, oh,
3 well, this is what you said, but this isn't what
4 actually happened because I'm going -- I'm going on
5 memory because we never retained records back in 2011,
6 2012 because we never -- we never had lawsuits. We
7 never -- you know, all I did was sent in the
8 applications. I wanted to get rid of their stuff.

9 The moment I sent in the application, I wanted
10 to get rid of it because I was always afraid my computer
11 was going to be hacked, that people were going to get
12 other people's personal information. So my bent was to
13 delete their information as soon as their transaction
14 was completed because I didn't want to be the victim to,
15 you know, someone stealing their information from my
16 computer. So we don't want to, you know, just give you
17 guys -- you know what I mean?

18 I want to -- I want to -- obviously, I want
19 to -- I want everybody to understand what my involvement
20 was, and I want to be, you know -- you know, taken off
21 these things, obviously. So -- you know, so I would
22 like to cooperate with you guys as much as possible, but
23 I don't want to give you stuff if you're going to try to
24 bend that in some way to incriminate me in something,
25 right? Is that fair?

1 Q. Let me just cut this off right here.

2 A. Okay.

3 Q. One, we're just -- we are trying to get to the
4 truth and, two, we collect evidence in an effort to do
5 that.

6 A. Right.

7 Q. And we use different tactics and methods to
8 collect evidence. All that being said, if you have --
9 all that being said, you're obviously uncomfortable
10 producing what you said earlier that you would be
11 willing to produce, and that's totally understandable.

12 A. Yeah.

13 Q. That doesn't -- that doesn't reflect -- I'm not
14 going to use the fact that you've now declined to
15 produce information against you in any way. I will not
16 use that.

17 A. Okay. I appreciate it.

18 Q. So you don't feel -- feel no obligation
19 whatsoever to provide us anything. You've already sent,
20 apparently, Bill Woerner an email earlier today --

21 A. Yes.

22 Q. -- which, you know, we have. You've verbally
23 told us what your income was by looking at your tax
24 returns.

25 A. Yes, sir.

1 Q. If you don't want to provide any documents to
2 us, at this point in time, that's totally fine.

3 A. Okay.

4 Q. Okay.

5 A. I appreciate that and --

6 Q. And to be real clear, yeah, we are in an
7 adversarial proceed. My agency has brought an
8 enforcement action against you, and you are responding
9 in that enforcement action. And so we are not -- we are
10 not on your side. We are on opposite sides --

11 A. Right. Right.

12 Q. -- of, essentially, a lawsuit.

13 A. Okay.

14 Q. So we are adversarial.

15 A. Okay. Very good. I appreciate you being
16 candid. Thank you.

17 Q. Okay. What were the -- are there certain
18 characteristics that most of these veterans who want to
19 sell their pensions have in common?

20 A. Yes. It's usually -- they want to get a fresh
21 start. They have so much debt, it's overwhelming them,
22 and so they see this as a way to get out of debt and
23 start a new -- you know, start a new life. And, then,
24 for many, many people, we -- it was all that and more.
25 I mean, the testimonials speak for themselves.

1 Q. Okay. So they were -- fair to say that most of
2 these veterans had financial problems or perceived that
3 they had financial problems?

4 A. Well, let me answer that clearly. They -- PAC
5 and LFO -- again, what Drew did, I have no way of
6 knowing his underwriting practices. So if we're talking
7 about in Drew's time, in Drew's time, I have no idea how
8 they underwrote those guys. I don't know if they
9 underwrote them from a financial benefit to them or if
10 they underwrote them from a credit standpoint. I have
11 no idea how Drew's companies underwrote, okay?

12 They could apply. You know, I was basically
13 sending their application in. If they wanted to send it
14 in, they could apply. They would deal -- Drew's company
15 would deal with them. I had no dealings with them after
16 that. It was all Drew dealing with them. With PAC and
17 LFO, I know definitively that they went out of their
18 way -- they took great efforts to make sure this was
19 going to benefit the seller -- the veterans --
20 financially or they wouldn't let them do it. They would
21 decline them.

22 So the answer -- the answer to your question --
23 and I apologize, but it's not -- they had to have --
24 they had to have means. In other words, if they
25 weren't -- we weren't going to let them sell a piece of

1 their pension if it was going to turn it into a
2 hardship. We were going to only let them sell a piece
3 of their pension if it was going to make their life
4 easier and improve their financial situation and take
5 pressure off them.

6 Q. Okay. So maybe we're both driving at the same
7 thing. I asked you whether, typically, these veterans
8 would be characterized as having financial problems, and
9 part of your answer, I understood to be, it would take
10 pressure off them. It would improve their financial
11 situation. And maybe we're both on the same page in
12 agreeing that they had some financial problems or
13 perceived that they had financial problems and, as a
14 result, they wanted to find a way to improve their
15 situation by doing these transactions.

16 Is that accurate?

17 A. Very accurate. 100 percent accurate.

18 Q. Okay.

19 A. We wouldn't let them do it, otherwise. If they
20 had no financial problem, we wouldn't let them sell
21 their pension because -- and I think part of their
22 rationale was because, why would you be selling your
23 pension if you didn't need to, unless, maybe, you had
24 some bad intentions. There's people that came in with
25 bad intentions. There are people that came in, fell

1 through the cracks, sold their pension, and did not make
2 one payment, took \$90,000 and left town, okay?

3 So there were people out there -- a lot of
4 people -- with bad intentions. And so, I think, part of
5 the underwriting was to make it good for them, make it
6 safe for them, but also, part of the underwriting was to
7 weed out those people with bad intentions that were
8 looking to just get a lump sum of money and then
9 default. So if they -- if there was no apparent need
10 for them to be selling their pension, they were
11 declined. 20 percent of the applicants were approved,
12 only 20 percent. The other 80 percent were declined
13 with PAC and LFO.

14 Q. Okay. In your discussions with veterans, did
15 you discuss any risks with them of doing these
16 transactions?

17 A. I discussed the transaction. I discussed that
18 they would get a lump sum of cash up front for a future
19 monthly payment. I told them how much money they were
20 getting on the dollar, you know. If they asked interest
21 rates, I explained what the interest rate -- what the
22 APR would be, the equivalent APR would be. So I don't
23 know -- I mean, I don't know what you mean by "risks."
24 They are getting a lump sum, okay? So the risk was on
25 the investor side, wasn't it?

1 Yeah. So I disclosed to them everything that
2 they -- how the transaction would go. I told them -- I
3 explained to them my understanding of everything that
4 was going to happen, okay, and -- but as soon as they
5 sent in the application, it was all between Mike
6 Chrustawka, Michelle Kailey and all the people at PAC
7 and LFO and them. They were talking with them. It
8 wasn't me, but I gave them my two cents.

9 I told them don't even think about this unless
10 it's going to save you money. If it's going to cost you
11 one penny -- my exact words -- and there's interviews
12 that you can find on AARP. If this is going to cost you
13 one penny, don't do it. That's what -- that's what I
14 preached from day one, and there's documentation to that
15 effect, AARP.

16 Q. Were you giving them financial advice?

17 A. No, no. I wasn't giving them financial advice.
18 I was just telling them my take. You know, they would
19 call and ask, and I would say, look, this is -- you only
20 should consider this if it's going to save you money.
21 How can that save you money? Consolidating debt, maybe
22 starting a business. I did not give them financial
23 advice. I just gave them my take. They asked and I --
24 they asked, you know, about the process, and I explained
25 it to them.

1 Q. So your -- in talking to these veterans as
2 potential candidates for these types of transactions,
3 you wanted to make sure that they a financial need to do
4 the transaction.

5 Right?

6 A. Right. I told them only do this if its going to
7 put you in a better place financially. That's what I
8 told them.

9 Q. Did you do anything to determine if it was going
10 to be beneficial to the veterans or not?

11 A. No. I did not do any looking at their numbers
12 or anything. I did not do anything. I just told them.

13 Q. Did you ask them, like, you know, what amount of
14 debt are you carrying, or anything like that?

15 A. No, no, absolutely not.

16 Q. What does your monthly budget look like?

17 A. I did not get into that with them at all. No,
18 sir, not my department.

19 Q. Did you determine -- did you have any role in
20 determining whether somebody would be a good candidate
21 for selling their pension?

22 A. No, sir. No, sir. I just -- I just -- you
23 know, I told them when this is something to consider and
24 when its not. I did look at their personal information.
25 I did not study their debts or anything like that, no.

1 Sometimes they told me their situation. Sometimes they
2 would say, yeah, this is what I got and this will
3 definitely help me; I can see where, if I can get this
4 lump sum, I can pay off all these debts. And we didn't
5 take their word for it. PAC paid those debts off. PAC
6 sent the money to the creditors.

7 They didn't -- they didn't take their word for
8 it. They sent the money to the creditors. They sent
9 whatever was left over to the sellers but, you know, if
10 they -- I mean, if they volunteered, if they told me,
11 oh, this is why I want to do it, and then I would say,
12 well, you know, maybe that's a good idea or maybe you
13 shouldn't do this because of this, you know. I gave
14 them my two cents. You know, I'd tell them what I
15 thought, but I said, at the end of the day, you know,
16 this is -- you know, if it's not going to put you in a
17 better place financially, if this didn't make good
18 financial sense, PAC is going to decline you.

19 Q. Did you refer along to PAC, or VFG or SoBell
20 before PAC -- did you refer along every veteran who
21 contacted you?

22 A. Absolutely not.

23 Q. How did you decide who not to refer along?

24 A. Because Drew said if their income is less than
25 3,000 a month, don't send them in.

1 Q. How did you know if their income was less than
2 \$3,000 a month?

3 A. Because that was -- I mean, when they wanted to
4 apply. I said, well, your income has to be at least
5 3,000 a month. They said, yeah, it is. So they could
6 apply, because Drew said don't send them in if their
7 income is under \$3,000 a month. PAC upped it to, like,
8 3,500 a month.

9 Q. So how did you determine if their income --

10 A. I didn't determine. I just took their word for
11 it.

12 Q. You just asked them?

13 A. Correct.

14 Q. Did they fill out anything on paper?

15 A. No.

16 Q. They just told you?

17 A. Yes.

18 Q. So if their income was above \$3,000 a month, you
19 referred them along?

20 A. No. I only referred -- I only sent -- if they
21 wanted to proceed -- if after my sermon they wanted to
22 proceed, they said send me the applications, then I sent
23 them the applications, and I sent them in and let PAC
24 approve or decline.

25 Q. Okay.

1 A. I was not a decision-maker in the process.

2 Q. So, everybody who had -- who told you that they
3 had an income of \$3,000 and listened to what you call
4 your sermon, if they still wanted to proceed, you sent
5 their names along?

6 A. I sent them the application. I sent them the
7 paperwork to apply.

8 Q. Okay.

9 A. And then they'd send it back, and I forwarded it
10 in.

11 Q. Okay. Did you ever get -- so the veteran would
12 send you the application --

13 A. Correct.

14 Q. -- that the veteran had completed?

15 A. Right.

16 Q. And then you would forward it to PAC?

17 A. Just forwarded it to PAC.

18 Q. Did you ever receive applications from veterans
19 who you didn't forward to PAC or to SoBell?

20 A. No, no, no.

21 Q. So every time you received an application from a
22 veteran, you forwarded it to PAC or SoBell or BAIC?

23 A. Right, because I wasn't -- they were the ones
24 that were making the call whether or not they thought
25 this was a good move for them, and PAC was going to make

1 the call whether or not they thought this was something
2 that they should -- you know, that they should approve.
3 I was not a decision-maker in any way, shape or form.
4 No, sir.

5 Q. Have you ever met Michelle Plant?

6 A. Yes, on two occasions. The first time with Drew
7 and then the second time, the one day -- the one day
8 with Drew and then the one day with LFO. So I met her
9 twice.

10 Q. Did you ever make -- did veterans ever ask how
11 much money are you going to make on this?

12 A. I honestly don't remember if anybody ever asked
13 me that. It makes sense that they would have, and if
14 they did, I would have told them. If it was with PAC, I
15 would have been able to tell them, you know, I get
16 \$1,400 on this. If it was with Drew, I would have no
17 way of knowing. And so I probably would not have
18 disclosed anything with Drew because I would not have
19 known, but they probably -- they probably said -- I
20 said, yeah, I get a small referral fee for every case
21 that closes, and your average time is going to be two to
22 three months for your case to close.

23 Q. Do you have any specific recollection of ever
24 telling a veteran that you were going to make, for a
25 sale through PAC, \$1,400 on their transaction?

1 A. I don't have any specific recollections of that.

2 Q. Was it your practice to tell them that you were
3 going to make --

4 A. No, no. I didn't tell them what I was making on
5 deals. If they asked me, I probably would have told
6 them, but I --

7 Q. Probably would have, or was it your practice to
8 tell them?

9 A. I didn't have a practice because it didn't come
10 up that often. If it came up once or twice, at the
11 most, I probably told -- I might have told them, or I
12 might have just said it was a small referral fee. I
13 mean, I don't think -- the conversation never came up,
14 honestly.

15 Q. Really?

16 A. Yes.

17 Q. Veterans didn't want to know how much you were
18 going to make?

19 A. They wanted to -- I think they wanted to know --
20 the question that veterans posed was how much is the
21 company making. That's the question that they posed,
22 and I said I have no idea what they make. I just know
23 what you're going to make if you sell a piece of your
24 pension; this is what you're going to get. Then I know
25 that Upstate Law Group got a commission. The guys that

1 brought in -- the investor got a commission. I got a
2 commission, but -- so I, honestly, did not know what PAC
3 or LFO or SBC or Voyager or BAIC made. I, honestly, did
4 not know that, and they did ask that question. That
5 question came up. That was -- that was the question
6 they asked, what is the company making on me.

7

8

FURTHER EXAMINATION

9

BY MS. BROWN:

10

Q. Let me ask you this.

11

A. Sure.

12

Q. The investor buys the pension.

13

Correct?

14

A. Correct.

15

Q. Or the portion of a pension.

16

A. Right. They buy a future payment, yeah.

17

Q. The seller gets a lump sum of money for the

18

portion that he sold.

19

Right?

20

A. Yes, ma'am.

21

Q. Where did the money come from to pay all these

22

commissions to you and to Upstate Law Group and to

23

everybody else?

24

A. From the investor's initial investment. When

25

the investor came in and if he was buying a pension that

1 was going to generate \$150,000 in future payments, he
2 might have gotten paid -- I don't know. I have no idea
3 what the investors got, but I'm going to say that he got
4 paid 110,000. In other words, he paid 110,000 up front
5 for 150,000 of future payments, or something like that,
6 okay?

7 And then from that 110, that's where the
8 commissions were paid everywhere. So from the
9 investor's initial investment, the lump sum that the
10 investor paid, which I was not privy to, that's where
11 the money came to pay everybody.

12 Q. So if a veteran is selling \$50,000 and an
13 investor invests \$50,000, where is the extra money to
14 pay the pensions? I don't -- or to pay the commissions?

15 A. Well, if an investor was selling -- an investor
16 wouldn't sell \$50,000. An investor would sell a monthly
17 payment. So let's --

18 MR. BURGESS: You mean a veteran.

19 THE WITNESS: A veteran. I'm sorry. A veteran.
20 If a veteran was selling a thousand a month for five
21 years, they're selling 50,000 of future money.

22 BY MS. BROWN:

23 Q. Yes.

24 A. Okay? And they're getting whatever up front it
25 was, 25,000 or 24,000, whatever -- whatever it was,

1 whatever translated in the 36 percent, okay? They were
2 getting -- at five years, I believe it was 46 cents on
3 the dollar, four-six, okay? They were getting up front
4 a lump sum at 46 cents on the dollar. And so the
5 investor who was buying that, that future receivable of
6 50,000, he was probably paying maybe 40,000 for that
7 future receivable of 50. And so the investor got his 25
8 and the other 15 --

9 MR. BURGESS: The veteran got his 25.

10 THE WITNESS: I'm sorry. The veteran got his
11 25, and then Upstate Law Group got their commission. I
12 got my commission. The guy that brought in the investor
13 got his commission. So the commissions were paid out of
14 the lump sum that the investor brought to the table.

15 BY MS. BROWN:

16 Q. Okay. So in the global picture of all of
17 this --

18 A. Yes.

19 Q. -- the veteran who's selling his pension is
20 getting the short end of the shaft because he's only
21 getting 36 to 50 cents on the dollar for his --

22 A. No. The veteran, at five years, which was --
23 the bulk of our sales were five years -- was getting 46
24 cents on the dollar, which was equivalent to an interest
25 rate on a loan, if he was taking out a loan --

1 Q. But this isn't loan.

2 A. Correct, but the equivalent to a 36 percent
3 interest rate. When I borrowed \$10,000 from CashCall, I
4 had to pay back 60, six times what I borrowed.

5 Q. That's a totally different thing.

6 A. I'm just showing you.

7 Q. This is not a loan.

8 A. Correct. Right.

9 Q. When they get paid a lump sum, they're only
10 getting 36 cents on the dollar.

11 A. No, 46.

12 Q. 46, 50, whatever. They're not getting straight
13 cash value for their money. So they're losing money.

14 A. Because they're taking -- they're getting future
15 money.

16 Q. They're not getting future money.

17 A. No, they're selling future money for a lump sum.

18 Q. They're selling future money, but they're taking
19 a loss on it.

20 A. Of course. Of course.

21 Q. So they're the ones that are coming out behind.
22 Everyone else is making money. The veteran is losing
23 money in the long run.

24 A. Well, not necessarily, because with PAC and LFO,
25 they made sure that we were paying off -- we were paying

1 off their bills and they were saving money. They were
2 saving money. You understand? I talked about that a
3 couple of times.

4 Q. But savings is not the same as income.

5 A. Right. And, again, that would be a question
6 for --

7 Q. All you're doing is you're saying, oh, well,
8 they're not -- they don't have debt, so that's the same
9 as income. It's not.

10 A. And that would be a question for LFO and PAC and
11 Drew. I mean, I had nothing to do with that. All I
12 know is that this was a service that, if you put a
13 hundred people in a room and said, you know, would you
14 like to do this, you'd probably get 80 of them saying
15 yes, because they'd rather have that money up front.
16 This was cheaper money than they were going to get from
17 a loan or anything else, but again, the actual mechanics
18 of all that, that will be a question for Drew who, I
19 guess, is not answering your complaint, I guess. I
20 don't know. He doesn't seem to answer any complaints.
21 I don't know, you know, how he could do that, but --

22

23 FURTHER EXAMINATION

24 BY MR. BURGESS:

25 Q. So you were a life insurance agent before?

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1 A. Correct -- no, not life insurance. Group life
2 insurance. I sold employee benefits. Yes, sir.

3 Q. Okay. So when you were an agent selling group
4 life, who were you the agent for?

5 A. I worked for Phoenix Mutual. Then I worked
6 for -- I worked for Prudential first.

7 Q. Okay. So let them -- maybe I asked a poor
8 question. I think you've answered it.

9 What I was trying to get at was, in an insurance
10 transaction, who were you the agent for. It sounds like
11 you were representing the insurance company --

12 A. Correct.

13 Q. -- in selling the product.

14 A. Correct. Correct.

15 Q. So, same analogy, were you an agent in any of
16 these transactions with the veterans?

17 A. No. I was just sending in -- I was a vendor. I
18 was a lead-generation website. I was sending in their
19 applications and that is all. I was called a vendor,
20 vendor. I was sending in their -- I had a
21 lead-generation website. They came to our website and
22 they went through the process and we sent in their
23 application. I was just sending in potential applicants
24 for this service. I was not acting as an agent.

25 PAC changed my name from vendor probably in

1 2017. They sent me new documents and said we're going
2 to call you an agent now so that this is not viewed as a
3 security. They told me the reason we're going to call
4 you an agent is so it's clear that this is not a
5 security, or something, something to that effect, as I
6 recall. I don't know verbatim what they told me, okay,
7 but they changed my name from vendor to agent, but I was
8 doing the same thing I was always doing, just sending in
9 applicants. I was a lead-generation website.

10 Q. Did you have any written agreements with
11 Mr. Gamber?

12 A. The only written agreement I had with him -- and
13 I may still -- I may have it saved -- was just, like, an
14 insurance commission type of agreement, a
15 non-disclosure. I had something with him, but it did
16 not have the commissions percentage or anything on that.
17 I can see if I can find that for you right now. I
18 believe I might have that.

19 Q. Okay. Please look for that.

20 A. Of course. Of course. I'll check right now.
21 Had I known, I would have looked for that. It would be
22 in my saved documents. It might have been -- the one I
23 might have, I saved it from BAIC. So let me find that
24 one. I don't have one saved from Voyager, but I think I
25 have one saved from BAIC because I think I remember

1 that, giving that to -- right. Would you like me to
2 send that to Bill, also?

3 Q. Yes, please.

4 A. Okay. Just start me off and it will pop up.

5 MS. BROWN: WW --

6 THE WITNESS: Woerner?

7 MS. BROWN: -- O-E. Yes.

8 THE WITNESS: Got it. Got it. All right. This
9 is the BAIC marketer agreement, and this was very
10 similar, as I recall, to the Voyager one.

11 BY MR. BURGESS:

12 Q. And what about SoBell?

13 A. He probably had us doing one for SoBell, too,
14 but I don't -- I'll check right now, but I don't think I
15 have one. Let me double check. So let me -- that one
16 went off -- let me try SoBell. Yeah, I don't have
17 anything for SoBell. So this BAIC is the only one I
18 have.

19 Q. What about the agreement that you mentioned that
20 you have with P-A-C, PAC?

21 A. Let me see. Let me look for that one. Hold on
22 a second. I can't find one in here for PAC. I don't
23 think I have one here for PAC. I don't have anything I
24 can find here. I can look in my earliest emails here
25 and see if I got something from them at the very

1 beginning. I'd be happy to do that, and I'll forward it
2 to Bill.

3 Q. Okay. Again, totally voluntary on your part.

4 A. Yeah, of course. No problem. I have no problem
5 with that at all.

6 Q. Okay. You said you gave a very long -- 5-, 600
7 pages of testimony to the CFPB.

8 A. Right.

9 Q. Do you know what the findings in the CFPB's
10 consent order were based upon? Was it based on your
11 testimony? Was it based on something else? Do you
12 know?

13 A. Some of it was based on my testimony. A lot of
14 it was not based on my testimony because it was things
15 that I did not agree with that weren't -- they weren't
16 based -- a lot of it wasn't based -- it was their
17 findings. And, again, I would refer you to Ben Knopp.

18 Q. Okay.

19 A. I can give you his email, if you'd like.

20 Q. And, then, I've asked you a couple of times if
21 veterans ever asked you, before they did the
22 transaction -- let me be clear.

23 I was asking you earlier did veterans ask you
24 before they sent you their applications, which you then
25 forwarded to whichever company -- BAIC, SoBell or PAC --

1 A. Right.

2 Q. -- whether this was legal, and you explained to
3 them what you understood, which was that, yes, it was
4 legal; this is factoring.

5 A. Correct.

6 Q. Okay. Did any veterans ever -- who did these
7 transactions ever complain to you after the fact that
8 these were illegal?

9 A. Not to me. They didn't complain to me, no.

10 Q. Did anyone -- no veteran ever told you after
11 they did the transaction that they now believed that the
12 transaction was illegal?

13 A. It's possible because a lot of veterans -- a lot
14 of pension sellers, in general, got their money and then
15 didn't honor their agreement. So I'm sure that some of
16 them probably emailed me or called me and said, oh, I'm
17 not going to pay this back because this is an assignment
18 and it's against the law. I'm sure that happened. I
19 can't remember specifically.

20 Q. Did you --

21 A. I would not respond to that, sir. No, sir. Not
22 my purview. That would be between them and Upstate Law
23 Group and PAC. I would not respond to that.

24 Q. Okay.

25 MS. BROWN: Did you ever send a response saying

1 you need to talk to PAC or --

2 THE WITNESS: I'm sure I did.

3 MS. BROWN: Okay.

4 THE WITNESS: I can't remember specifically if I
5 ever responded to any of those people in any way, but if
6 I would have responded to them, if they needed
7 clarification, I would have referred them to PAC and
8 Upstate Law Group, absolutely.

9 MS. BROWN: Okay.

10 THE WITNESS: Yes. Yes, ma'am.

11 BY MR. BURGESS:

12 Q. Who completed the Sales Assistance Agreement?

13 A. That would be the buyer -- I mean, the seller.

14 Q. The veteran would complete that?

15 A. Correct.

16 Q. So I'm just -- I don't want to make it an
17 exhibit, but I'm just -- I've just pulled a sample one.
18 It's a Sales Assistance Agreement --

19 A. Yes, sir.

20 Q. -- by Anthony Dancy, dated March 21st, 2014.
21 And it's a few pages long, but you're saying that, in
22 any given transaction, it was the veteran who would have
23 filled in the --

24 A. Correct.

25 Q. -- the information in the boxes?

1 A. Yes, sir. Yes, sir.

2 Q. Okay.

3 MR. BURGESS: Do you have anything else, Toni?

4 MS. BROWN: Yeah, just one quick question.

5

6 FURTHER EXAMINATION

7 BY MS. BROWN:

8 Q. In the two separate South Carolina lawsuits that
9 you referenced and you said that you have been
10 interviewed, are you being asked or will you be
11 testifying in either of those two civil cases?

12 A. You know what, it looks like, now that they're
13 understanding -- now that they have a clear
14 understanding -- because they have been interviewing
15 Upstate Law Group, and they've been -- this has been
16 going on for two years.

17 Q. Just, are you going to be testifying?

18 A. Not to my knowledge.

19 Q. Okay.

20 A. I mean, they haven't told me -- they haven't
21 told me they are. I offered to give them whatever I
22 could to help them get to the truth, just like you put
23 it, and to my knowledge, right now I think there's a
24 mediation. I think in May they're going to come --
25 they're going to do something over the phone, and

1 they're going to mediate, whatever that means. I don't
2 know what that means, end it, or whatever. I don't
3 know.

4 Q. Okay.

5 A. I think Upstate Law Group has E&O or whatever.
6 So, I mean, they're probably going after them. I don't
7 know. I honestly don't know the answer to that. I
8 think I remember them saying that there was going to be
9 a mediation conference call in May sometime.

10 Q. Okay. So you haven't been subpoenaed and told
11 you have to appear to testify?

12 A. No, ma'am. No, ma'am.

13 Q. Okay.

14 A. I think it's going to go the way of a mediation.
15 Is that the right word? You know, an agreement, so that
16 they don't go that route.

17 Q. Okay.

18 A. But I told them, you know, I would be happy to,
19 you know, testify, and you can -- I told them put --
20 bring up -- bring a lie detector. I mean, I have
21 nothing to hide.

22

23 FURTHER EXAMINATION

24 BY MR. BURGESS:

25 Q. When you met with the attorney last week for the

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1 plaintiffs in the veterans lawsuit in South Carolina,
2 did you discuss what's going to happen with you in that
3 lawsuit?

4 A. I said to them, you know -- I said -- I
5 addressed that specifically because I said to them --
6 because when they asked about can we get the stuff from
7 the attorney that's not privileged, I go, look, you guys
8 have -- and I'm answering the question, okay? I'm
9 not --

10 Q. I'm listening.

11 A. All right. You guys have taken five years off
12 my life, and that's probably more than that, okay? I
13 may die because of the sleepless nights and the stress
14 that this has caused me. Stress, in particular. I may
15 die because of this lawsuit, okay, because I put stress
16 on myself. Even though my friends say, Mark, don't
17 worry about it; you didn't do nothing wrong, blah, blah,
18 blah, but I've never had a lawsuit in my life. It's
19 totally stressing me out.

20 And I told them, you're asking me for stuff.
21 Are you taking me off this thing? You understand my
22 involvement? Are you taking me off this, or are you
23 asking me to give you information that's -- that you're
24 going to use against me? And so the tone, in talking to
25 William Dolan of Jones Day, in talking to Stephanie of

1 Jones Day, in talking to this gal, it sounds to me like
2 they're going the same route as the CFPB, which is,
3 Mark, we want you available to answer questions; we want
4 you available to testify under oath if we need you to,
5 to the facts, okay, but other than that, we're going to
6 hold you harmless; we're going to take you out of the
7 suit.

8 I got the impression from my conversation with
9 her that the mediation, you know, it's probably going to
10 remove me from the prosecution, as it were, but they
11 wanted me to be available to answer questions if they
12 had them down the line. That's my understanding, and
13 that's definitely the deal that I have with the CFPB.
14 That is -- for sure, that's what they told me: We may
15 call on you down the line to answer questions but, you
16 know, we're taking you off of this.

17 Q. Okay. You're here today because we sent you a
18 subpoena.

19 Right?

20 A. Yes, sir.

21 Q. Okay. We didn't make you any promises?

22 A. No, sir.

23 Q. We didn't represent anything, in particular,
24 would happen with respect to you?

25 A. Correct.

1 Q. We made no representations or promises or
2 anything along those lines.

3 Right?

4 A. Yes, sir. That's correct.

5 MR. BURGESS: Okay. Anything else, Toni?

6 MS. BROWN: I'm good. That was the only last
7 question I had.

8 MR. BURGESS: All right. Well, Mr. Corbett
9 thank you for being here. Thank you for coming over
10 from California, and it is now --

11 MS. BROWN: 4:00 o'clock.

12 MR. BURGESS: No, it's not. It's 3:36.

13 MS. BROWN: Oh, 3:30. Close to that.

14 MR. BURGESS: So you should be able to be at Sky
15 Harbor by 4:00 o'clock, which will get you plenty of
16 time --

17 THE WITNESS: Maybe they can move me up.

18 MR. BURGESS: Maybe they can move you up.

19 So, with that, we will conclude the examination
20 under oath for today, reserving the right to reopen it
21 if we need to, but if we need to, we'll give you plenty
22 of notice so that you can make arrangements for that.

23 THE WITNESS: And, please, because -- thank God
24 I went to my -- I had to go to Atlanta for a workshop
25 for the company that I'm working with, and I was gone

1 for three days. Thank God I went to my mailbox, and I
2 got that thing saying you're going to be held in default
3 if you don't reply. Because I thought I had replied,
4 but as it returned out, I only replied to one of two.
5 And so, please, you can reach me. I'm not hiding from
6 anybody. My phone number has never changed. Make sure
7 that you have my new address at 1611 Gateway Place. I
8 believe you have it. And --

9 MS. BROWN: And give me the full town. It's,
10 like, a three-part name?

11 THE WITNESS: Yeah. Rancho Mission Viejo, which
12 means old in Spanish -- V-I-E-J-O -- 92694, California.

13 MS. BROWN: Thank you. Is it an apartment?

14 THE WITNESS: We're in an apartment now.

15 MS. BROWN: What apartment number?

16 THE WITNESS: There's no apartment number. It's
17 1611. That's the address.

18 MS. BROWN: Just 1611?

19 THE WITNESS: Correct.

20 MS. BROWN: Okay. All right. We will make sure
21 that everything goes to the correct address.

22 THE WITNESS: Please.

23 BY MR. BURGESS:

24 Q. Do you -- just as long as we're still on the
25 record, you know that there's a hearing date coming up

1 in the BAIC case in June.

2 Right?

3 A. A hearing date? No, I did not know that. I did
4 not know. I mean --

5 Q. There's a two-week hearing scheduled to begin on
6 June 17.

7 A. Okay. 6-17. Okay. And what does that mean for
8 me, sir?

9 Q. It means that it's your opportunity to show up
10 and defense. You've requested a hearing. The hearing
11 was already set, and the same is true for the PAC case,
12 except that that hearing starts in August.

13 A. Yeah, because they postponed it or something?

14 Q. Right.

15 A. So, I mean, I thought that's what I was doing
16 today. Wasn't I making -- giving a deposition or
17 something today?

18 Q. No. This is part of our investigation. The
19 hearing is separate.

20 A. Okay. So will you guys send me notice on that
21 or something? Is that something -- I mean, is that --

22 Q. I'll send you the notice. In fact --

23 A. I mean, I can't --

24 MS. BROWN: It's your right to be present at the
25 hearing.

1 THE WITNESS: Okay.

2 MS. BROWN: And to present witnesses, to present
3 evidence, to cross-examine. It's your right to be
4 there. So it's your decision, but that's what the
5 hearing is for.

6 BY MR. BURGESS:

7 Q. So I'll be calling witnesses. I will be calling
8 certain investors. In fact, do you have a copy of our
9 witness list or list of exhibits?

10 A. I don't think so.

11 Q. All right. I'm going to make a note that we
12 will send you --

13 A. I mean, what would I do with that? Because I'm
14 not an attorney. I mean, I'll answer -- you know, if I
15 need to come and do another answer of anything, I'll do
16 that, but -- or if I'm going to be called to testify, of
17 course, I will do that, but I wouldn't know -- I
18 wouldn't know where to begin, as far as questioning
19 people, or something like that. I wouldn't know how to
20 do that.

21 Q. I can't give you any legal advice on how you
22 represent yourself at the hearing. I can't give you
23 that advice.

24 A. Okay.

25 Q. It's up to you to --

1 A. As long as I'm not in default. I'm not in
2 default. I responded everything, right? So I'm not in
3 default. Okay.

4 Q. You have responded to everything, and I believe
5 that you've requested a hearing. And -- in each case,
6 and the hearings are both set. I'm just giving you the
7 June 17th date for the first case, and I want to say
8 it's -- let me not speculate.

9 A. I don't remember requesting anything, Jamie.
10 So, I mean, maybe if it's something --

11 Q. Well, it's on the -- it's on the Corporation
12 Commission website. This has all been public and
13 accessible for -- whenever the administrative law judge
14 set these hearings. That's all been -- that's all been
15 publicly available to anybody who wanted to look at the
16 docket, including you. So the hearing in the BAIC case
17 starts on June 17 and goes -- it's scheduled to go
18 through June 28th.

19 A. Is Upstate Law Group going to be there at that
20 hearing?

21 Q. At both hearings, is my understanding. They
22 have requested a hearing in both cases?

23 A. Okay.

24 Q. And the second hearing, the one for the PAC
25 case, is scheduled for August 19th through, I think,

1 August 30th.

2 A. So I can't be away from work because I won't be
3 able to pay my rent. So, I guess, I'm just going to be
4 at the disposal of everything when they make their
5 decision. Upstate Law Group will be here. They'll be
6 clarifying what their role is, and hopefully that
7 will -- when they clarify what their role is, that will
8 clarify what my role is because they -- you know. So, I
9 mean, I can't leave work for two weeks. I can't -- I
10 won't be able to pay my rent. I'm working paycheck to
11 paycheck.

12 Q. I can't give you any advice.

13 A. Okay.

14 Q. I can't even tell you that what you said is
15 accurate.

16 A. Okay. I'm not going to worry about it because
17 if I worry about it, then I'm going to stroke out. So
18 let the chips fall where they may. I can barely pay my
19 rent. I don't have a pot to pee in. So you guys do
20 what you've got to do. I'm not going to stress over
21 this. Two years is enough.

22 MS. BROWN: But at least now you're aware of it.
23 If you do change your mind and you want to, you know the
24 dates.

25 THE WITNESS: I have no way of being able to get

1 away for two weeks. I'm living paycheck to paycheck.

2 MS. BROWN: I understand that. I'm just saying
3 that we want you to know that we have advised you of the
4 dates. So you are aware of it.

5 THE WITNESS: Okay. Give me the dates again so
6 I'll write them down.

7 MS. BROWN: It's June --

8 MR. BURGESS: June 17th through --

9 MS. BROWN: The 28th.

10 MR. BURGESS: -- June 28th is the first hearing.
11 That's the BAIC hearing, and the second hearing is
12 August 19th through August 30th. That is the PAC
13 hearing.

14 THE WITNESS: Okay. PAC. Okay. I'm done
15 stressing over this stuff, guys. You guys do whatever
16 you've got to do.

17 MR. BURGESS: All right. We can go off the
18 record. Thank you.

19 (Whereupon, the proceedings concluded at 3:42
20 p.m.)

21

22

23

24

25

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COUNTY OF MARICOPA)
2

3 BE IT KNOWN that the foregoing proceedings were
taken before me; that the foregoing pages are a full,
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to the best of my skill and ability; that the
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6


7 I CERTIFY that I am in no way related to any of
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8

9 I CERTIFY that I have complied with the ethical
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7-206(J)(1)(g)(1) and (2). Dated at this 3rd day of
10 May, 2019.

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13 LILIA MONARREZ
14 Certified Reporter
Certificate No. 50699

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